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California Legislature

Interim
ASSEMBLY, JUDICIARY COMMITTEE

SUBCOMMITTEE ON TIDELANDS

Hearing held at the City Hall, City
Council Chambers, Buena Park, Calif.

Wednesday, October 1, 1958,
10:00 AM

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I N D E X

<u>Witness</u>	<u>Examination by Assemblyman</u>	<u>Page</u>
<u>VOL I Pgs 1 to 65 Inc.</u>		
C. M. Featherly	Allen	4;36;50
	Sumner	27
	Hanna	31
	Consultant R. Cook	46;48;53
<u>VOL II Pags. 66 to 134 Inc.</u>		
C. M. Featherly	Allen	67
(Recalled)	Cook	69
Joseph Ball		65
Marian Parr	Allen	71
	Consultant R. Cook	78
Wesley West	Allen	80;94;143
Recalled		157
		474
	Weinberger	116;152;156
	Burton	132;135
		140;154
VOL III Pgs. 135 to 232 Inc.)	O'Connell	138;141
	Sumner	139;149
	Hanna	142
	Consultant R. Cook	158
Eleanor Anderson	Allen	160
	Sumner	164
Al Anderson	Allen	166
	Hanna	168
	Burton	169
Suzan Ogle	Allen	172
	Consultant R. Cook	182
Margaret Callahan	Allen	184;195
	Burton	189
	Consultant R. Cook	193;196
Patrick Francis Michaels	Allen	197;201220; 224
	Sumner	208
	Hanna	198
	Weinberger	212;225
	O'Connell	223

(Continued next page)

I N D E X (Cont'd)

<u>Witness</u>	<u>Examination by Assemblyman</u>	<u>Page</u>
Ben Riddick	Allen	215;229;488
Ernest E. Pyles	Allen	215
	Burton	219
(Conclusion of testimony for Wednesday, October 1, 1958)		
Testimony for Thursday, October 2, 1958		
	VOL IV Pgs 223 to 334 Inc.	
	VOL V Pgs 335 to 389 Inc.	
	VOL VI Pgs 390 to	
Victor A. Heim	Allen	233;235
	Sumner	235
William H. Hirstein	Allen	236;277
	Hanna	268;298
	Sumner	269;298
	Cook	288
Edward J. Babson	Allen	295;307
	Hanna	303
	Sumner	304
	Burton	306
Hugh J. Plumb	Allen	308
	Hanna	312
Leticia (Tisha) Lipko	Allen	313;319
	Hanna	316
	Burton	323
Joseph H. Martino	Allen	325
	Burton	348
	Hanna	350;353
	Cook	352
Edward C. McCarty (recalled)	Allen	355
	Allen	360
	Cook	365
Dale Holker	Allen	356;386;458
	Burton	460
	Thelin	460

(Continued next page)

I N D E X (Cont'd)

<u>Witness</u>	<u>Examination by Assemblyman</u>	<u>Page</u>
James B. Stoddard	Allen Hanna Sumner	365 368 369
Jack Rimel	Allen	370
Harry W. Shappell	Allen Hanna	373 383
John J. Lipko	Allen Burton Hanna Sumner O'Connell	387; 422; 435 393; 439; 458 419; 425; 457 444 451
Frank Hortig	Allen Sumner	463; 467 471
<u>EXHIBITS</u>		<u>Page</u>
VOL I	No Exhibits Offered	
VOL II		
State's Exhibit:	Affidavit Dr. Peeler re Joel Ogle	78
	Letter Wesley West; Affidavit Jacques P. Adoue Affidavit Dr. H. C. Robinson	92
VOL III	No Exhibits Offered	
VOL IV	Out of State travel records Joel Ogle	235
VOL V	Affidavits Marion C. Jones Oliver Clegg	341 341
	Letter C. E. Lambert	344
VOL V	Bank records - Bank of America	359
VOL VI	Documents from Lipko file	436

BUENA PARK, CALIFORNIA, WEDNESDAY, OCTOBER 1, 1958, 10:00 AM

--oOo--

CHAIRMAN ALLEN: The meeting will come to order, please.

This is a meeting of the Assembly Judiciary Subcommittee on Tidelands, a continuation of previous hearings which this Committee has held inquiring generally into leasing practices of both the State of California and its political subdivisions, including cities and counties.

Today and tomorrow we will inquire into practices followed by Orange County relating to tidelands oil leases and contracts, a continuation in this regard of hearings which were commenced in Los Angeles in August.

Present this morning, the members of the Committee are Assemblyman John O'Connell, on my right, from San Francisco;

Assemblyman Phillip Burton, from San Francisco;

Assemblyman Howard Thelin from Glendale;

Assemblyman Allen Miller, San Fernando;

Assemblyman Bruce Sumner;

Assemblyman Richard Hanna, both from Orange County.

There is a quorum present.

Mr. Hanna, did you want to make a statement at this time?

ASSEMBLYMAN HANNA: Yes, I did, Mr. Chairman and members of the Committee:

Due to a news release appearing in one of our newspapers, I thought it was important for us to stress a point that you made in your opening remarks, to wit, that the object of this Committee is to look into the leasing practices of the State and political subdivisions of the State as those relate to tidelands oil. It is important to note that the interest of the State is present whether or not there is a tidelands grant involved with the local subdivision of the State or not, because, in any event, a major portion of the recovery of any oil, be it by the State under the State Lands Commission, or by a political subdivision having a tidelands grant, will go to the State Treasury. To that extent, the State has an interest.

I think that that is important, that the people understand that so they will understand that this Committee is not interested in whether or not there is a lawsuit between the State and the political subdivision of the State. We faced this same kind of a situation in Long Beach, and in Hermosa, and in the Los Angeles Harbor investigation, and it is incidental that now we are involved in the same kind of an inquiry in the County of Orange.

I think that the Chairman would certainly want the people to understand the operation of this Committee as it specifically relates to this problem. Thank you,

Mr. Chairman.

CHAIRMAN ALLEN: All right, thank you, Mr. Hanna.

Is Mr. Featherly present; Supervisor Featherly?

Would you come forward, sir:

C. M. FEATHERLY,

produced as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q For the record, your full name?

A C. M. Featherly.

Q Mr. Featherly, you testified in Los Angeles at our hearing there. We had to interrupt the testimony in order to hear from certain other witnesses at that time, and now we would like to get back and finish this part of our hearing.

If we could direct your memory back to the date of the first meeting of the Board of Supervisors when the American Marine contract was presented to the Board, the contract being dated January 31, 1956, and the records of the Board show that it was adopted by the Board February 14, 1956.

Could you tell us when the contract was first presented to the Board?

A Mr. Chairman and members of the Committee:

the contract was first presented to the Board of Supervisors on the 31st day of January, 1956, by an attorney by the name of --

Q Hightower:

A What?

Q Mr. Hightower?

A Hightower; Earl Hightower, yes, sir.

Q Was there discussion of the contract at that Board meeting?

A There was an explanation by Mr. Hightower as to the terms of the contract and what it would do as far as the County of Orange was concerned.

Q I wonder if you could pull that microphone over a little closer? Thank you very much.

Did anyone else speak on the contract at that particular meeting?

A By that I assume you mean were there any questions asked or did anyone else talk for the contract?

Q For or against the contract.

A Of course, Mr. Hightower presented the contract, and the Board, I believe, by action, took the matter under submission at that particular time. I don't know whether our County Counsel at that time had any further explanations or any explanations, as to the contents of the contract or not. I'm just not sure.

Q Do you recall about how long this part of

your meeting lasted on January 31, 1956?

A Oh, no, I wouldn't, Mr. Chairman, because those matters are routine matters, and as long as we were taking the contract under submission for study, generally, unless there is someone there who wants to elaborate on points in regard to the contract, why, as a usual thing there is not too much time taken right then. Time is taken when the matter is actually brought up for consideration.

Q Do I understand correctly, then, that on January 31, 1956, the portion of the Supervisors' meeting that was directed to the American Marine contract would have been rather short, say a half hour or less, something like that?

A That's right. I would say that is probably correct.

Q I see. Did you receive a copy of the contract at that time for your personal use?

A I did, yes.

Q And is that true of each of the other supervisors?

A To my knowledge, I think it possibly is correct.

Q And the minutes of the meeting of the Board of February 8, 1956, show that on motion of Supervisor Featherly, duly seconded and unanimously carried, the matter of the proposed agreement with the American Marine

Exploration Co., Inc. to lease tide and submerged lands was set for February 38, 1956, at 3 o'clock P.M.

Do you recall that?

A Yes.

Q What happened in relation to this contract at the meeting of February 8, aside from what I just read?

A Well, I think that there was some discussion regarding it, Mr. Chairman, as all matters are discussed. There wasn't anything of note that I could tell you in regard to it, other than that the matter did come, it was on the agenda for consideration, and the matter was set for a time certain to consider it.

Q Do you recall whether any witnesses appeared at the February 8 hearing in regard to this contract?

A I wouldn't know, frankly, Mr. Allen. I'm not sure whether there were or not.

Q Then the minutes of the Board show further that on February 14 the hearing date was advanced to February 14 at 9:30 A.M. Do you recall that motion?

A Yes, sir.

Q Why was the hearing date advanced, rather than taken up at the time originally scheduled?

A Well, Mr. Allen, I'm just not exactly sure, but there was some rumors, I believe, that there was a movement by some companies to enjoin the county against signing this particular contract. And the Board had had

two weeks as a matter of fact, they had had three weeks to consider the contract, and I think most of them were familiar with the contract and all of its terms, and figured, well, why postpone it? We would go ahead and decide on the contract then, instead of waiting.

Q The minutes of the Board of August 15th, 1950, in relation to the posposed agreement, County of Orange and Camden-Dayton Company, exchange of scrip for oil drilling rights, on motion of Supervisor Featherly, duly seconded and unanimously carried by board members present, it was ordered that the minute order dated August 8, 1950, continuing the hearing in consideration of a proposed agreement between the County of Orange and the Camden-Dayton Oil Company for the exchange of scrip for oil drilling rights be rescinded and that the matter be given consideration at once.

Do you recall that action?

A No, I don't really, Mr. Allen. I am sorry. The record probably speaks for what actually transpired. But I don't remember the incident.

Q You do recall the original Camden-Dayton agreement and the consideration of that?

A Oh, yes. I do, yes.

Q Has the Board in other cases, in other matters, set a matter for hearing and then in advance of the hearing, without notifying anybody, taken it up at another

date?

A As a usual thing, they don't.

Q Do you recall any other instances where this happened?

A Not specifically, I can't. That is, of any specific matters, Mr. Chairman. But it does happen probably three, four times a year, I would imagine, in various matters, either on the request of some attorney that would bring the matter up because he is going to be away the following week when it is set for hearing, or something like that.

Q And in those cases you take action to advance the matter on your calendar?

A Sometimes we do, yes.

Q At the February 14, 1956, meeting of the Board did you know in advance that the matter was going to be taken up by the Board that date?

A Well, I believe that -- I believe that I knew ahead of time. I believe I did, probably an hour.

Q Pardon?

A Possibly an hour before hand.

Q An hour before the Board meeting?

A I believe so, possibly. That morning, at least.

Q How did you know this?

A I believe that the information came to me from Mr. McFadden, who was a member of the Board of Supervisors.

Q What was it that Mr. McFadden told you at that time?

A Probably that we will probably be hearing the American Marine contract this morning instead of waiting for a couple of weeks. I think, in effect, that was probably what he said.

Q Where was this conversation with Mr. McFadden?

A In the Board offices.

Q This was prior to the Board meeting?

A Yes.

Q And at the Board meeting that day how long did the proceedings in relation to the American Marine contract last?

A Oh, I would say probably 45 minutes, something like that. It is pretty hard to determine how long it takes.

Q 45 minutes, approximately, is that right?

A I would say possibly. There were two or three witnesses there that were testifying. I think Leroy Lyons was there. I think Vic Andrews was there from Coast Association. And I have forgotten who else. I remember those two.

Q Do you remember whether anybody else spoke at that meeting?

A No, I don't remember that there was particularly.

Q Now, you have just described to us the meetings of January 31, 1956; February 8, 1956, February 14, 1956, and a conversation preceding the last meeting which you had with Mr. McFadden at the Board offices.

Before the adoption of the contract by the Board of Supervisors did you have any other discussions with anybody else other than those whom you have just described?

A No, not immediately preceding, Mr. Chairman. The discussion, as far as the contract was concerned, was discussed with Mr. Kaiser, Mr. McFadden, Mr. Hirstein, and myself with Mr. Ogle, our County Counsel, who is our legal advisor.

Q When was this discussion with Mr. Ogle?

A Oh, probably two or three days before our meeting, I would say.

Q Before which meeting?

A Before the meeting on the 14th.

Q Where was this discussion with Mr. Ogle?

A I think it was in Mr. Kaiser's office.

Q There were present at that time, I believe you said, Mr. Ogle, yourself, Mr. McFadden, Mr. Kaiser --

A That's right. Mr. Hirstein.

A And Mr. Hirstein. Was anyone else present?

A No, sir.

Q Why wasn't Mr. Warner present?

A I think we asked him and he -- I don't remember him, frankly.

Q Did you ask Mr. Warner --

A No, sir, I did not.

Q -- to be present? Do you know who did?

A No, I don't.

Q Do you have any idea who did?

A No, sir.

Q What was the conversation at that time

A Just a general discussion of the contract, and some of the fellows wanted to know some of the terms of the contract and have them explained, and it was explained.

Q Who explained them?

A Mr. Ogle.

Q Did Mr. Ogle recommend the adoption of the contract at that time?

A No, sir. Mr. Ogle never recommended the adoption of the contract to me at any time, nor to that group, I don't believe because we made up our own minds.

Q Did you have any other conversations about the American Marine contract with anybody before the final adoption of it by the Board?

A No, I don't believe I did. Not to my knowledge.

Q Well, aside from the meetings you have just described, before the adoption of the American Marine

contract, did you have any conversations with any other members of the Board of Supervisors?

A Not to my knowledge.

Q Not other than the ones you just described, or Mr. Ogle?

A No.

Q Or Mr. Hightower?

A No. I never saw Mr. Hightower after that one time on the --

Q After his one appearance before the Board, you didn't see Mr. Hightower?

A No, sir.

Q Did you know Mr. Hightower before his appearance before the Board? I think you said --

A The 31st of January.

Q -- January 31st.

A I didn't know the gentleman at all. Never heard of him.

Q Was there any discussion during this period before the adoption of the contract between yourself and anybody else, including other members of the Board about the royalty rates?

A Well, I presume that we did, Mr. Allen. I think that you gentlemen are all familiar with the proceedings in your Assembly. I am familiar with them. I think you are familiar with the idea that many times we

may go out to lunch, you may mention various things, but as far as a definite discussion as to whether the contract was a good contract, and was giving the County what they thought it should have, I think that that was not a matter of discussion before the Board.

Q What you are telling us is that you probably had other discussions in an informal way with other people, other than what you have specifically described to us?

A That's right. That's right. As a matter of fact, I discussed it with a number of my constituents.

Q Well, which constituents?

A Well, I would rather not say. I don't think it is pertinent to the question. I have around 70,000 people in my district.

Q Did you discuss it with Mr. or Mrs. Rhae Foust?

A They weren't even in the County. I didn't even know anything about them, Mr. Allen.

Q Was there any discussion between Board members during this period about the possibility of getting outside experts on oil to consult with the Board on this subject?

A Not to my knowledge.

Q That wasn't brought up?

A No.

Q Was there any discussion about putting this matter out for bids, having competitive bidding on it?

A No, sir.

Q Was there any discussion, or anything said at any of these meetings about who was American Marine Exploration Company? Who the owners were?

A Well, not at any of the meetings, Mr. Allen. I can say this: I had inquired into who the American Marine Exploration Company was, for my own particular benefit, and sure, I didn't go into it like an investigator would go into it, or an attorney. But I casually said, "Well, who are these fellows, and what kind of backing do they have? What kind of an organization are they?"

Q Who did you ask this information from?

A Well, I asked two or three different people. I asked Mr. Ogle, naturally, our County Counsel, who was an advisor for the Board, whom we would naturally look to for that particular type of information.

Q What information on this subject did you get from Mr. Ogle?

A Well, that these were all reputable men that were in the corporation, as far as that is concerned. But that, in effect, was about the information that I got in all my inquiries.

Q Did Mr. Ogle give you any names of who was involved in the corporation?

A The names of the men, I think, were listed in the contract, I believe; the American Marine Exploration

contract.

Q The names of the individuals?

A Not all of the individuals but the president, at least, I think was listed as a Mr. Cockburn, I believe.

Q The contract is signed H. C. Cockburn, President; P. B. Little, Assistant Secretary.

Were those names that were discussed with you by Mr. Ogle?

A Yes.

Q What did Mr. Ogle tell you about Mr. West?

A Not a thing.

Q Were any other names mentioned as being interested in the American Marine contract?

A No.

Q What did Mr. Ogle tell you about Mr. Cockburn?

A Well, he was a very reputable and very wealthy man, and that this company was formed by him. That is in effect about the extent of it, I would say.

Q Who is P. B. Little?

A I don't know.

Q Was he discussed between you and Mr. Ogle?

A No, I don't think so. I don't recall the name.

Q Was anybody besides Mr. Cockburn mentioned during this conversation with Mr. Ogle about who made up the American Marine Company?

A It could have been. It could have been.

Q Who?

A I don't know.

Q You mean there might have been others, but you don't recall the names?

A That's right. That's right.

Q After you were presented with this copy of the proposed contract which you said you received at the Board meeting on January 31, 1956, were any changes at all made in the contract before it was adopted by the Board?

A Mr. Allen, I couldn't tell you for sure whether there was or not.

Q Before the meeting of January 31, 1956, had you seen a copy of the contract or any proposals of any kind regarding this contract?

A Let me get that date. Before January 31st, 1956?

Q Right.

A No. I had never seen it before.

Q You had never seen any drafts of the proposed contract?

A No, I had not.

Q Had you discussed the proposed contract before January 31, 1956 --

A No, sir.

Q -- with either Mr. Ogle, or any other members of the Board?

A I had not.

Q Were you aware that during a period of two months before that date that Mr. Ogle was negotiating this contract with the attorneys for American Marine Exploration Company?

A Well, I didn't know who the company was but I knew that there were some negotiations going on with someone to endeavor to get to the facts, and we thought we had a share of the -- should be getting a share of the royalties on oil that was being developed in Orange County.

Q By negotiations, you mean negotiations with person or persons for the purpose of a direct contract with Orange County for the production of oil?

A That's right.

Q How did you know these negotiations were going on?

A Well, I had discussed them with different members in the County Counsel's office.

Q Who?

A Oh, I don't remember for sure whether it was -- I know I had discussed them with Mr. Ogle, but I also had discussed them with some of the other members of the staff.

Q Do you remember the names of which members of the County Counsel's staff you talked to?

A No, I don't, frankly.

Q Do you remember the name of whoever is the chief deputy in that office?

A George Holden.

Q George Holden, is that the man's name?

A Yes.

Q H-o-l-d-e-n?

A Yes. I don't know whether I discussed it with him or not, frankly. I wouldn't be able to say. I am in the County Counsel's Office almost every day discussing some matters and talking with different ones, and I know them all. Whether I discussed it with him or not, I don't know. I wouldn't positively state.

Q But you do remember specifically discussing these negotiations with Mr. Ogle?

A I think I do.

Q When did these discussions with Mr. Ogle start?

A Well, of course, Mr. Allen, you have already mentioned that in 1950 there were discussions regarding the Camden-Dayton Corporation. And 1950 to 1956, that is five or six years, and I presume during that time that there were a number of discussions that I had discussed with the County Counsel's Office in regard to the matter at the same time. We were endeavoring to get some funds from the State Lands Commission and get some commitments out of them for some recreation and park and beach

development in Orange County, which we were unable to do. So that the thing kept building up all of the time.

Q This Committee is certainly aware of the efforts by Orange County through your Assemblymen and State Senator to acquire from the State Lands Commission a percentage of the oil revenues. But our inquiry at the moment is directed more to a possible direct contract between Orange County through the Board of Supervisors and some oil company.

Now, if I understand you correctly, you did have conversations with Mr. Ogle and possible other people over a long period of time on this?

A That's right.

Q This subject of the County leasing tidelands for oil production.

A Right.

Q This goes back to the scrip contract of 1950 with the Camden-Dayton Company?

A That's right. That, I think, was the time that the Federal Government had the tidelands.

Q The 1950 contract with Camden-Dayton was one based on assignment of scrip from Camden-Dayton to the County, is that right?

A That's right. That is correct.

Q The first time in any of these contracts there appears to be a contract for oil development beyond the

scrip is the 1955 contract with the Camden-Dayton Company.

A I think that probably is correct, Mr. Allen.

Q Would you tell us approximately when it first came to your attention that Orange County might have a claim to these tidelands outside of what has been described to us as the Inner Newport Bay?

A I think probably it was 1949, the first year that I was on the Board.

Q You heard of that claim?

A I did.

Q From whom?

A Mr. Willard Smith.

Q Who is Mr. Smith?

A Mr. Willard Smith was the long time member of the Board of Supervisors. He had been on, I guess, retired a few years ago, he had been on for 30 years, I guess.

Q During the period between 1949, then, and this American Marine Contract of 1956, you say that you had a number of discussions on this subject of this title with Mr. Ogle?

A Yes. Of course, I read the 1919 grant by the State of California in 1949. That is when I first was aware of the 1919 grant, and I got it and read it, and I have read it a couple of times since then.

Q Do you know of any efforts by Orange County to

lease the tidelands, as claimed by the County, directly to some oil company before the 1955 Camden-Dayton contract?

A Would you state the question again, Mr. Allen?

Q Well, the 1955 Camden-Dayton contract is the first document that I have seen that involves a direct lease or contract between Orange County and some oil company for production of oil in these tidelands, title to which you say is claimed by the County. Do you know of any previous negotiations between the County representatives and some oil company for that purpose?

A No, I do not. Never heard of it.

Q But you do remember that the 1955 Camden-Dayton contract covered all the tidelands claimed by the County?

A I think that is correct.

Q Could you tell us how that contract happened to be executed by the County?

A Well, I believe on the same basis, gentlemen, that the American Marine Exploration contract was gone into. We were still, at least, and I say "we," I know I personally was still interested in trying to get what we thought was justly a fair percentage of what we thought was ours, and that seemed to be a means to an end to acquire what we thought was ours, without costing the taxpayers of the County anything.

Q Do you know a Mr. C. E. Lambert?

A No, sir, I never heard of him.

Q Do you recall whether this Mr. Lambert ever appeared before the Board of Supervisors in relation to the Camden-Dayton contract?

A I don't think he ever did.

Q Could you tell us who did present this 1955 Camden-Dayton contract to the Board of Supervisors?

A I think Mr. Ogle presented it.

Q Do you remember anything about what Mr. Ogle said when he presented that contract?

A Well, frankly, no. I couldn't repeat what was actually said, gentlemen. I mean, in the presentation of any contract I think by your legal representative it is there for you to read, if you want to read it. If you don't, why, you don't have to. I read the Camden-Dayton contract myself. To my knowledge, now, I could be wrong, but to my knowledge, I don't believe there was a representative at the meeting when the Camden-Dayton Corporation contract was presented. But I could be very wrong, because I just do not remember.

Q At the time of the Camden-Dayton contract the minutes of the Board show that the scrip that had previously been assigned to Orange County was to be reassigned to Orange County.

A It could be.

Q The scrip having been back in 1950 assigned to the County for the original scrip filing, and then when

it was denied, the scrip was turned back to Camden-Dayton Company and then in 1955, when this new contract was signed the scrip was ordered by the Board to be reassigned to the County.

Do you remember anything about that?

A No. Frankly, I don't, Mr. Allen. I am sorry.

Q Let's get back to the conversations you had with Mr. Ogle during the period of November and December, 1955, regarding negotiations that led up to the American Marine Contract.

I believe you said that you talked to Mr. Ogle about this from time to time during that period.

Were you aware during that period that drafts were being drawn in this proposed contract in exchange between Mr. Ogle and attorneys for this Texas group?

A Well, I could have been, Mr. Allen. I just -- I couldn't state positively. We had discussed on two or three occasions --

Q Did Mr. Ogle ever have any informal meetings with the Board where the terms of the proposed contract were discussed--

A Not to my knowledge.

Q -- as to what language, what paragraphs, what clauses should be insisted on by the County?

A Not to my knowledge, Mr. Allen. I don't believe so. I don't believe so.

Q Did you have any meetings with Mr. Ogle during that period in which you were asked your advice as to what the County should insist on in the writing up of this proposed agreement?

A I am not aware of it right now. It is possible But I am not aware of it.

Q What is your understanding as to who the people were that Mr. Ogle was talking to during November and December, 1955?

A Now, let me get that exact. What was my opinion of the people he was talking with?

Q No. I will rephrase the question.

You told us you talked to Mr. Ogle from time to time during November and December, 1955, about this proposed agreement. During that period did Mr. Ogle tell you who he had been talking to about this proposed agreement?

A No. No. Other than that there were some people in Texas that were interested, and that is all.

Q Well, weren't any names mentioned?

A No, sir. Not to my knowledge. There could have been, but it doesn't ring a bell in my mind at the present time.

Q Do you know whether or not during that period Mr. Ogle went to Texas on this subject?

A Could be. Could be.

Q He could have gone to Texas?

A He could have.

Q In relation to this particular subject?

A It is possible that he could, yes.

Q Do you know whether or not Mr. Ogle talked to other people than this Texas group about a proposed contract with Orange County?

A No, I do not, Mr. Allen. I am sorry.

Q In other words, was Mr. Ogle sort of a traveling salesman for the Board of Supervisors to go around and find somebody to make this contract?

A Well, he had no authority from the Board to do that.

Q Was it your understanding that he was doing it, or not?

A I did not know that he was doing it. If he made a trip to Texas, it might have been when he was on vacation. But he had no authority. I think -- I don't believe that he ever had authority from the Board to make a trip to Texas. The Board never authorized him to go.

Q Do you recall any occasions in the last two or three years when Mr. Ogle was authorized by the Board to travel outside of the State?

A I believe there was one occasion when he was authorized to go to Washington, D. C.

Q Do you remember when that was?

A No, I don't.

Q Did the Board pay for Mr. Ogle's trip at that time?

A I think so. I believe they did.

Q Do you remember what the subject matter of that trip was?

A No. No. Frankly, I don't.

CHAIRMAN ALLEN: Any other questions?

Assemblyman Sumner.

ASSEMBLYMAN SUMNER: Yes, I have.

CHAIRMAN ALLEN: Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q In your testimony, Mr. Featherly, you mentioned that one of the reasons that this contract was taken up earlier was that you were afraid that the State or some interested oil company would file some type of action that would prevent you from entering into this contract. Is that the subject?

A I think that was rumored, Mr. Sumner.

Q My question is where did you hear this? Who told you this?

A I think I have already mentioned Mr. McFadden, I believe, is the one that mentioned that to me.

Q Well, you mentioned that Mr. McFadden said that you might be taking it up early?

A That's right.

Q And out of order?

A That's right.

Q But did he also say that somebody was going to prevent you from entering into this contract?

A I think Mr. McFadden gave me that information.

Q Who did he say was going to prevent you from it?

A He didn't say.

Q Was this fact brought up at the time you were discussing the contract?

A In the Board meeting, you mean?

Q Yes.

A No.

Q In fact, was anybody attempting to prevent you from entering into this contract?

A I really don't.

Q Are you familiar with the sections of the Public Resources Code that say that if a county is going to enter into a lease, that they have to have public and open bidding on it?

A Well, I believe I am familiar with most of the deals. I don't think that the County of Orange Board of Supervisors has ever been guilty of any violation of that particular code section.

Q Was this fact as to whether or not there would

be a possible violation discussed?

A I don't think so.

Q Did Mr. Ogle, or anyone else, point out that there might be a possible construction of this contract as a lease?

A Not to my knowledge.

Q Did Mr. Ogle, or anyone else, say that the State might prevent you from entering into this contract?

A I don't think so.

Q That was not any consideration?

A I don't think so. Not to my knowledge.

Q What was your understanding of the thing that any company would do that would prevent the county from entering into this lease?

A Well, it was my understanding, of course, you fellows are all lawyers, and I am just a country boy --

Q I am just a country lawyer.

A I am not familiar with all of your terms. But I believe that there is an injunction proceedings or an enjoinder, or something, that can be filed to prevent a public body from signing a contract, or something. I believe that is in effect what it is.

Q Did you discuss this with Mr. Ogle?

A No. I don't believe that I did. I think some members of the Board did, but I didn't personally.

Q What would be the reason that anybody would want

to file an action against the County to prevent them from entering into this contract?

A Well, the basis of it, I don't know, Mr. Sumner. I am not familiar with what actually the basis of the injunction might be.

Q What I am trying to find out is why you felt that it was imperative that this be taken up early, out of schedule, and acted upon by the Board. That is all I want to know, is why you felt that this should have --

A Well, I think that was the basis of it, that there was a rumor that some oil companies would probably file an injunction proceedings to prevent us from executing the contract.

Q But you had no knowledge as to --

A The contract; it wasn't a lease.

Q -- whether or not this was true?

A I didn't construe this a a lease at all. I construed it as a contract.

Q I see.

A That is my construction, still my construction of it today. I think it is not a lease at all. It is a contract. My understanding of it, and again I could be very wrong, but I still believe it is a contract.

Q Was that distinction discussed?

A No, I don't think so. I don't think it was

ever mentioned. I think the records of the Board will show that it was a contract and not a lease. I don't think the lease was ever mentioned in the proceedings at any time.

Q And you mentioned Supervisor McFadden is the one that mentioned that this would be taken up out of order, and you believe that he was the source of this rumor? I that your testimony?

A Well, I couldn't be too positive on it. It might have been Mr. Kaiser, it might have been Mr. McFadden, it might have been Mr. Hirstein. I really don't know for sure, because we were all, as you fellows are, we mention things in the hall as we are going to the meeting, or mention them at various places, and there was a rumor to the effect that there was a possibility that an injunction proceedings might be on its way.

Q This was your basis for taking it up early?

A That is my understanding.

Q Without notice to anyone?

A That's right.

ASSEMBLYMAN SUMNER: No further questions

CHAIRMAN ALLEN: Any other questions by the Committee?
Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Featherly, Mr. Ogle would have to have the authority of the Board of Supervisors in order to

initiate negotiations on this oil matter, wouldn't he?

A I would think that probably would be correct.

Q Do you remember when the Board first authorized Mr. Ogle to initiate and carry on negotiations relative to this matter?

A Frankly, no, Mr. Hanna. I do not remember when that actually was, or whether it was on actual proceeding of the Board. I think the minutes of the Board would show it. It would have to show it, if it was an action proposed.

Q Do you think that perhaps he was authorized in a manner that wouldn't appear on the minutes of the Board?

A No, I don't think so. I don't believe any individual supervisor could authorize the County Counsel to do a matter of that import.

Q When Mr. Allen asked you about whether you investigated the people who were associated in the American Marine Company you mentioned that you had asked several people about the company and the people in it, one of whom was Ogle. Do you remember who else you asked besides Mr. Ogle?

A No. I couldn't positively state, Mr. Hanna. I couldn't positively state.

Q Mr. Featherly, before I cease asking questions I want to ask you, is there any statement that you would

like to make on your own, covering matters that have not been touched on by questions, that you think would be helpful to clarify your attitude of your understanding of this matter to this Committee?

A Mr. Hanna, and members of the Assembly Committee:

I think for the benefit of those folks who are in the audience, and those folks in my particular district who, perhaps, might have some reason to know why I, especially, was one of the voters of this particular contract, I would like to make this statement.

As I have already testified before this Committee, in 1949 I was aware of the 1919 grant by the State of California to the County of Orange whereby certain tide and submerged lands were given and granted to the County of Orange. And in discussions with Mr. Smith and Mr. McFadden, and later Mr. Kaiser, who was very much interested, and represented the 5th District, the coastline from the mouth of the Santa Ana River to the San Diego border, and with other interested people in the County, and with the advent of the discovery of oil off our coast, and as it has been testified by the State Lands Commission, 85 percent of the oil royalties of the State of California are derived from the County of Orange. Knowing full well the number of times that we have tried to prevail upon the State Lands Commission to spend money for recreation, parks,

and beach development, small boat harbors in Orange County, and meeting each time with no success, shall we say, and realizing that there were millions and millions of dollars of oil revenues coming from our County and one of it, only a very small fraction of a percentage of it being spent in Orange County, the people in my district, and I believe the feeling of the people of the County as a whole, seemed to be that we should have a more equitable share of the funds that were being taken from Orange County.

As I have stated here to you, after reading the grant by the State of California to the County of Orange, it was my considered opinion and again I want to qualify that, because I am not a lawyer, I am not familiar with all of the terms, but I twas my considered opinion as a layman that the State of California may have meant exactly what I thought it meant, and that was the tide and submerged lands, and I dwell on the submerged lands because in looking at the geodetic map of the County coastline, and knowing that in years past, for the past several hundred years the Santa Ana River has formed a more or less of a part of a delta out in the area between Huntington Beach and Newport Beach where the Santa Ana River presently flows into the Pacific Ocean, it was my contention and my own individually, not being told by anyone else, that in

the grant of 1919 that the State of California must have meant the submerged lands lying off the coast of Orange County.

Then, if they meant that, and the way that I construed it, then I felt that we were entitled to a more equitable share of the oil revenues being derived and being collected by the State of California, and that Orange County was getting the small part, in fact, about the smallest on the shoehorn, from the State of California for park and recreation, and beach development, and small boat harbors, which we need very, very much in Orange County, and I think you are all aware of it.

If we could obtain a reasonable amount of those funds for our beach and recreation, certainly I would not be a part to anything to try to get from the State what we thought was ours.

Let me say this: Even if this contract, and this suit against the State is won by the County of Orange and American Marine Exploration Company, frankly, right today I couldn't tell you what we could do with the money. We couldn't begin to spend it in Orange County. I think that each of you gentlemen are fair and just, and I believe that you can't help but realize that if the County or Orange is providing the State of California with 85 percent of all the revenues from oil in the State, certainly there must be some magic way or another, let's even say

one-fifty-eighth, because there are 58 counties in the State of California. Let me ask you, did Orange County get one-fifty-eighth of those 160 or 70 millions of dollars that have been taken from Orange County? I don't believe they have.

Q Well, was this the motivating force that you feel that was behind entering into this contract?

A Certainly was from my aspect.

Q From what you said, is it your understanding that Orange County would get for itself the full royalty that was called for in the contract?

A No. Of course, I think that there will be certainly a division of those funds to the State of California.

Q Do you know what that division would be?

A I don't know what the division would be. I am not aware of it.

Q Was there any discussion about what law would apply?

A No, sir.

Q To that division?

A No, sir. I don't think so.

ASSEMBLYMAN HANNA: That's all.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Featherly, you have just told us you are

primarily interested in getting money for Orange County?

A That's right.

Q What were you going to do with the money?

A Mr. Allen, you are in Orange County today, of course. It is my understanding that oil revenue funds are earmarked for certain things. They can't be spent for anything else. For instance, recreation is one. Park and beach development is another.

Q Well, wait a minute. Is it your understanding that if Orange County is upheld in this suit and you acquire this interest, and you get this money, that the Board of Supervisors could spend that on parks and recreation?

A That's right.

Q That is your understanding?

A It is my understanding, yes, sir.

Q All right. What else?

A And the development of small boat harbors.

Q Where?

A Along the coast of California in Orange County.

Is that correct? I want to be correcteed on it. If I am saying something that isn't right, I want to know, because it is my understanding that the oil revenues are used and that is where the Lands Commission comes into it, and if those funds and monies are used for recreation, beach and park development, and for small boat harbors --

ASSEMBLYMAN SUMNER: Mr. Chairman, may I interrupt?

CHAIRMAN ALLEN: Mr. Sumner.

ASSEMBLYMAN SUMNER: I think we are getting perilously close to the issues involved in this particular lawsuit. And one of the contentions that was brought out, of course, is the contention of absolute ownership of the counties along the coast line of the entire State, and I don't believe that we should proceed to question this member of the Board of Supervisors on a direct issue involved in this particular lawsuit. I don't believe that we should attempt to do in a legislative committee that which is properly the function of a court.

Therefore, I respectfully suggest that perhaps we should abandon the line of questioning as to Mr. Featherly's idea of what would be done with the money if it was gathered, since we would get into the question of his idea of the theory, and so on. That, I think, would be better left to the lawyers involved.

CHAIRMAN ALLEN: Well, the 1919 grant to Orange Count is a trust, and there are specific limitations on the money.

ASSEMBLYMAN SUMNER: That is true. But there is also a third theory that I believe Mr. Moore, or someone else, acknowledge was being advanced by the County, and also the gentleman from the Attorney General's Office, which is that the County of Orange and all the counties along

the coast line of the coast of California, own their tidelands and that the return to the State was, in fact, a return to the counties themselves.

I don't feel that this is the proper place for us to get into that issue, because that is before the court at the present time. Therefore, I, as a member of the Committee, object to our going into that particular theory with this member of the Board of Supervisors.

CHAIRMAN ALLEN: All right. We can get our answers from the Legislative Counsel.

ASSEMBLYMAN SUMNER: I am sure we can.

EXAMINATION (Continuing)

BY CHAIRMAN ALLEN:

Q Mr. Featherly, are you acquainted with Rhae Foust?

A Mr. Allen, I, like many hundreds of citizens from Orange County, know Rhae Foust. I don't know that I would know him if he walked in here today, but the name, of course, of Rhae Foust has been in and out of the newspapers for many years.

Q Well, he is a well known individual in the county, isn't that right?

A I would say that that is probably true.

Q Have you ever been in Mr. Foust's home?

A Somewhere along in 1930 I did some drapery work in his house; in one of his bedrooms, as a matter of fact,

I think.

Q Have you been in Mr. Foust's home since then?

A No, sir. I don't even know where he lives.

Q Tell us about when was the last time you saw Mr. Foust.

A Gee, that is a tough one. I would assume that it probably was in 1940, '41. And I couldn't even be positive then. I think I saw him in the Sheriff's Office one time when I was a desk sergeant in the Sheriff's Office.

Q Would you say then that since you have been a member of the Board of Supervisors that you have not seen Mr. Foust?

A I have not even seen the gentleman, no, sir.

Q Not since you have been on the Board?

A No, sir. I have not.

Q Do you know Mr. George Bush?

A How do you spell that?

Q B-u-s-h.

A I never heard of him.

Q Or Mr. Roy Maggart?

A Never heard of him. Only what I read in the papers here since the hearings started in Los Angeles.

Q You have already told us that you formed this opinion about the title of Orange County back in 1949. Between then and up to the execution of the American

Marine contract did you ever see any written opinions in relation to the claim of title by Orange County?

A No, sir. I don't believe I have

Q Did the County Counsel ever give you, as a member of the Board, a written opinion on the subject of the title to those tidelands?

A No. I don't think so. I don't think so. It could well be, but I don't remember ever seeing it.

Q Do you know whether the County Counsel gave a written opinion on the subject to other people during that period?

A It is quite possible that he might have, Mr. Chairman.

Q You don't know?

A I wouldn't know it for a certainty, no.

Q Is it your understanding that the contract signed by the County with American Marine includes the existing oil wells that are producing on the tidelands?

A No. It was my understanding that they were excluded. I could be very wrong on that, but I didn't know that they did include all of the existing oil wells.

Q In these conferences you had leading up to the adoption of the contract by the Board, was there any discussion about whether or not the existing wells were included?

A I think there was discussion about it, yes, Mr.

Allen. But frankly, I wouldn't want to positively state here before these people that I know it by heart or am familiar with it.

Q Do you remember who said what about whether or not the existing wells, existing production, were included in the contract?

A Well, I believe that our legal counsel advised us as to the specific terms of the contract. We all had an opportunity to read it over and ask questions.

Q Are you telling us that it has been your understanding since 1949 that Orange County held title to all the tidelands on the Orange County coast line, and you want to get this money for Orange County, but when you made this contract with American Marine you were excepting all the existing production under State leases?

A Well, I don't want to tell you that, no.

Q Pardon?

A I don't want to tell you that, no. You are the one that is saying it, not me.

Q You have told us that Orange County claims all the tidelands. You are trying to get this money for the County. You told us that.

A That's right.

Q Now, do I understand also from what you have told us that when you entered this contract with American Marine you were not covering any of the existing wells or

production or leases on the tidelands.

A Well, Mr. Allen, I think that your records, you have a copy of the contract --

Q I want your understanding as to what you were doing.

A I don't think I even worried very much about it, frankly.

Q In other words, it didn't matter to you whether the existing wells were included or not?

A That's right.

Q Did you want the existing wells included?

A Mr. Allen, if they were a part of the overall contract, why, that was fine and dandy with me.

Q You have told us about a meeting before the adoption by the Board of this American Marine Contract, a meeting between yourself and three other members of the Board, and Mr. Ogle, in which the contract was discussed; the proposed contract.

A That's right.

Q Were there any other meetings between this group in which this tidelands question was discussed?

A Well, Mr. Allen, I don't recall any. I am sorry, but -- it could have been, but I don't recall.

Q Didn't this same group meet with Mr. Ogle from time to time --

A No.

Q -- in regard to these negotiations he was having with American Marine?

A No.

Q You told us also that on the morning of February 14, before the hearing opened, that you had a conversation regarding taking the matter up at that time, advancing it on the calendar.

Did you have any conversations with anybody subject to this advancement of the consideration before the morning of February 14?

A I don't think so. Not to my knowledge.

Q Is it your understanding that American Marine is supposed to pay all the litigation expenses on this suit?

A Yes, sir.

Q When did you reach that understanding?

A Reached the understanding on the 31st day of January, 1956.

Q Did somebody say that?

A My understanding, Mr. Hightower, I believe, mentioned it at that time, and the County Counsel mentioned it at that time.

Q Before the American Marine contract had the Supervisors tried to get somebody else to handle this litigation?

A Not to my knowledge, Mr. Allen.

Q At the last hearing, do you recall Mr. Moore, attorney for American Marine, testifying before our Committee that the County had previously tried to get help in this litigation?

A I don't remember him testifying to that. It is quite possible.

Q Regardless of what Mr. Moore said, do you recall any other efforts by Orange County to get help in this assertion of title?

A I don't recall any, Mr. Allen, outside of the Camden-Dayton contract.

Q During these discussions, you had had before the execution of the American Marine contract, did anybody ever mention that you were going into a billion dollar deal for the price of a toothpick?

A That is the first time I have heard that phrase. I don't think so.

Q Well, it is one I picked up going through some of this correspondence, not from you, but among other people. I just wondered if that was mentioned in any of the discussions you had with other members of the Board, or other people, leading up to the American Marine contract?

A No, I don't think so.

CHAIRMAN ALLEN: Any other questions by the Committee? Mr. Cook, do you have a question?

MR. COOK: Yes, I think I do.

EXAMINATION

BY MR. COOK:

Q Mr. Featherly, I believe this contract provided for a 16 2/3 percent royalty, is that correct?

A Yes, sir.

Q Did you feel that that was a fair and adequate royalty to the County of Orange for the extraction of hydrocarbon substances from the ground?

A Mr. Cook, I presume that is your name?

Q Yes, that is correct.

A Well, Mr. Cook, the consideration of the contract was the bringing to a conclusion of a suit against the State of California which the American Marine people would pay all of the expenses, which I think, as attorneys, you know would probably run well over a million dollars before they are through. It would not cost the County of Orange anything.

Q You are saying, then, that part of the consideration was the payment of litigation costs by American Marine?

A That's right. That's right.

Q Where in the contract did you find a provision wherein American Marine was required to pay the litigation costs, or did you ever read that provision?

A I don't know that I could pick it out for

you definitely.

Q Do you recall seeing it?

A Yes. Yes. I think, if you have a copy of the contract, that I would construe it on Page 32, I believe, of the contract. I think there is a section there that refers to it. Now, I could be wrong. It might be 31 or 32, but it is in there somewhere. I know I have read it several different times.

Q Your opinion was upon reading this provision in the contract that the American Marine Company was required to pay the litigation costs, is that correct?

A That's right. That's right.

Q Did you or any of your staff, or the County Counsel, ever investigate to determine approximately what the cost of litigation would be?

A No. No. But --

Q Did you anticipate litigation?

A Yes, sir.

Q Did you have any idea what the cost of the litigation would be then?

A No, I hadn't.

Q You said a minute ago that it would be over a million dollars.

A Well, that is true.

Q How did you arrive at that amount?

A Well, I again have to go back to you attorneys.

I know that a case isn't in court for nothing. It costs money every day you are in court. And these matters run for a considerable length of time. And if a matter drags out in the courts for some two or three or four or five years, or ten years, it certainly costs a lot of money. And it could well be that before this is finally determined by the Supreme Court that it would cost that much money.

CHAIRMAN ALLEN: Let's interrupt this and take a ten-minute recess at this point.

(Whereupon there was had a short recess)

CHAIRMAN ALLEN: The meeting will come to order. Let the record show there is a quorum present.

I would like to introduce at this time Assemblyman Caspar Weinberger on my far left from San Francisco.

Mr. Cook, you had some more questions?

EXAMINATION (Continuing)

BY MR. COOK:

Q Mr. Featherly, I would like to direct your attention to a resolution of the Board of Supervisors dated July 3rd, 1957, and ask you whether or not you recognize this resolution?

A Yes, Mr. Cook, I believe I recognize the fact that this resolution is one that I am familiar with.

Q Do you recall any discussion or the facts surrounding the adoption of that resolution?

A Well, I am not too familiar with all of the facts surrounding it. I know that it did more or less clarify, I believe, would probably be the correct word to use, it clarified the position of the American Marine Exploration Company in regard to the expenditure of funds for the prosecution of the suit.

Q Do you know why this resolution was adopted by the Board?

A Well, I believe it was a clarification of the section in the original contract that I referred to just a few moments ago.

Q Was it your opinion that the provision in the contract needed clarification?

A Well, again, being a layman and not an attorney, I would have to concede to whatever the attorneys said. If they wanted it clarified, why, that would be --

Q Upon whose advice was this resolution adopted?

A I think probably on the advice of the attorneys for American Marine Exploration.

Q And this agreement provides for the payment by the American Marine Exploration Co., Inc. of the litigation costs in the pursuit of the suit filed by the County of Orange against the State of California, is that correct?

A That's right. That's right.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Featherly, in the period leading up to the execution of the American Marine contract on February 14, 1956, do you know whether there were any consultations or conferences with representatives of the beach cities, Newport Beach, Laguna Beach, by any of the supervisors, or representatives of the County on this subject?

A Mr. Allen, I couldn't state positively about that. I am sorry.

Q Do you remember whether there was anything said at the conversations you attended on this subject, and leading up to the American Marine contract, as to what effect this would have on the beach cities?

A I don't believe there was any conversation to that effect at any of the meetings I attended.

Q Are you acquainted with the so-called refuge area along the southern part of the Orange County coast in which the State statutes do not permit any oil drilling?

A I am very familiar with it, Mr. Allen. I believe that was passed by the Legislature at the time that our representative, LeRoy Lyon was in the Assembly. And I believe the bill provides that there will be no exploration for oil from the mouth of the Santa Ana River to the San Diego County line.

Q Is it your understanding that the American Marine contract, however, permits oil drilling down to the San Diego County line?

A I don't know that it is specific.

Q Well, what is your understanding as to what American Marine is permitted to do?

A Well, Mr. Allen, if there is a prohibition in the law, I believe that all contracts would be invalid in regard to that section, if it is prohibited by law.

Q Was there anything said during the negotiations, explanations to the Board as to what effect this American Marine contract would have on this refuge area?

A No, I don't think so.

Q The subject wasn't discussed?

A I don't believe so, Mr. Allen, because I think that the people in the areas lying southerly of the Santa Ana River are aware that the bill is -- that the law is effective in that particular area, and that they are protected. That is my understanding of it.

Q It is your understanding that those people in the areas southerly of the Santa Ana River along the coast who opposed oil drilling are satisfied with the protection they have under the American Marine contract?

A Well, as to that I couldn't say definitely, Mr. Allen.

Q Were any of these people present at the hearings

on the American Marine contract before it was adopted?

A I think that the record will show, Mr. Allen, that Vic Andrews, who at the time was, I believe, president of the Coast Protective Association, and I believe Mr. LeRoy Lyon, both appeared before the Board.

Q Were they in support of the contract, or what was their position?

A No, I believe that they were -- I don't remember their testimony exactly, but of course, they were there to protect the interests of the people in the south part of the County, along the southern coast.

Q Do you remember whether they had any position they stated to the Board at that time on the American Marine contract?

A Well, I believe that they probably had asked for more time to study, or to not sign the contract. It is a little vague in my mind exactly what their testimony was at the hearing.

Q Are you familiar with a recreation project known as Newport Dunes?

A Yes, sir.

Q That is under some arrangement with the County Board of Supervisors?

A Yes, sir.

Q In what you might call the Inner Newport Bay?

A Upper Bay.

Q Upper Newport Bay?

A That's right.

Q Was that Newport Dunes arrangement established before or after the American Marine contract was signed on the 14th of February, 1956, and I believe the Dunes contract was signed in 1957, my understanding of it.

Q On action of the Board of Supervisors?

A Yes, sir.

Q In the hearings before the Board of Supervisors leading up to the Newport Dunes contract were there any discussions as to what effect there would be on the Newport Dunes project of any oil drilling by American Marine in the same area, under the contract?

A No, there was no discussion about it at all, to my knowledge.

Q Was the question raised?

A I don't believe that it was. If it was, I don't remember it.

CHAIRMAN ALLEN: Any other questions? Mr. Cook?

FURTHER EXAMINATION

BY MR. COOK:

Q Mr. Featherly, I would like to refer back to the time that the contract with American Marine Exploration

Co., Inc. was entered into.

At the time that this contract was presented to you did you at any time negotiate with any representative of American Marine Exploration Co., Inc. in an effort to obtain better terms than were provided for in the contract?

A No, sir, I didn't

Q Let me ask you this: Was the contract accepted as presented to you the first time?

A Well, again, Mr. Cook, I will have to say this: there may have been some minor changes in the contract made prior to the time it was actually adopted on the 14th of February. But if there were, they were minor changes that the lawyers would work out. I am not familiar with it.

Q Do you recall the date that the contract was executed by American Marine?

A The contract was executed by American Marine, I believe, on the 31st of January, or the 30th of January, 1956.

Q Do you believe that there were changes subsequent to the execution of the contract?

A You mean between that time and the time that the Board actually executed their signature?

Q That is correct.

A If there were, they would be initialed by the

American Marine.

Q I see.

A Now, I don't know whether there were or not.

Q To your knowledge were any other oil companies interested in this property?

A Not to my knowledge. Of course, all of the oil companies are interested in oil.

Q Did you ever suggest to anyone, or did anyone ever suggest to you that you ought to have competitive bids?

A No. Not in this matter.

Q Did you feel that you might obtain better terms if that procedure had been followed?

A Well, of course, we have had quite a number of oil leases that the County has made on county property down there where we had pretty good bids from time to time.

Q Well, your answer is what? Did you feel that you would have had a better proposal in the event that you had competitive bids?

A On a contract of this particular nature, I don't believe, I could be very wrong, of course, but I don't believe that it is incumbent upon the County to advertise for bids.

Q It may not be, but would you feel that you would have had a better proposal in the event you would have

had competitive bids?

A Well, it is quite possible. It is quite possible.

Q Have you had any experience in the oil business, Mr. Featherly?

A No, sir, I would like to have.

Q Has any member of the Board had experience in the oil business?

A Mr. Cook--

Q Do you know?

A I couldn't say of my own volition or knowledge.

Q Yes. Did the Board of Supervisors obtain any geological or geophysical assistance in determining what was best for the County in leasing lands which they felt they owned?

A No, sir. I don't believe there was any contract made with anybody in that regard.

Q Why did you not have this type of assistance? Did you feel that you did not need it?

A That's right. That would be my understanding.

Q Well, who had the experience in the oil business which was sufficient to allow an intelligent approach by the Board of Supervisors to a complicated contract such as the American Marine contract?

A You mean who on the Board would have had that experience?

Q Yes.

A I don't know that any of them would, frankly.

Q Would anyone advising the board have that experience?

A Well, I am trying to get a reasonable answer for you, Mr. Cook. We, I believe, in any contract, would not go out and do all of the preliminary work that is required by a company that was going to spend a lot of money. We let them do that work themselves. I don't think it is correct for the County to spend a lot of money on that sort of thing. If we think we have got a reasonable contract, why, I think that would be --

Q It is your opinion that the Board should not, or the County, I should say, should not make an independent investigation as to the merits of a contract, but that you should accept the word of the person who is submitting the contract to you for adoption?

A Well, Mr. Cook, let me say this: for three weeks I had an opportunity to study the contract pretty thoroughly; two weeks or three weeks, from the 31st of January, 1956, to the 14th of February. And I went over the contract pretty thoroughly myself. And again, as I have to qualify it, I am not a lawyer but I thought it looked like a pretty good contract to me.

Q Yet you have had no experience in the oil business?

A No, sir.

Q Do you recall Mr. Hightower's testimony in our August hearings that he was dealing with you at arm's length?

A Well, that may have been what he said. I don't know.

Q I believe he did say that. Do you have any, or did you have any expert legal advice, persons that were experts in the field of oil and gas, to advise you as to the legal aspects of this contract?

A Well, the Board had none, no, sir. The legal advice came from our legal attorneys.

Q From your County Counsel?

A From the County Counsel's Office.

Q Do you know what experience your County Counsel has had in oil and gas matters?

A No, I do not.

Q Is it not true that following the suit filed by the County of Orange, legal counsel was hired by the County of Orange to assist them in pursuing their suit against the State of California?

A Yes, sir. I think Mr. Forgy was retained by the County for that purpose.

Q Now, directing your attention, Mr. Featherly, to 1955, and the adoption of an amendment to the Camden-Dayton agreement, do you recall the facts surrounding the adoption of that agreement, or that amendment, I

should say?

A Very vague. It is very vague in my mind, Mr. Cook. It was an issue that, as far as the Board was concerned, or as far as I -- retract that. As far as I am personally concerned, was what I termed, my own vernacular, a dead issue. I just don't remember too much about it.

Q Well, at the time that this amendment was adopted, did you feel it was a dead issue?

A Well, now, you are referring to what? I would like to be refreshed on the contract. I am sorry, I don't recall it too well.

Q All right. Do you recall that in 1955, January, 1955, there was an amendment adopted by the County of Orange providing for a renewal of the Camden-Dayton contract?

A It could be. It could be, Mr. Cook.

Q It could be?

A Yes.

Q You don't recall the facts surrounding that?

A No, I don't. No, I don't. I am sorry.

Q You don't recall whether or not the Board investigated the background of the amendment which was presented and adopted to the Board; by the Board?

A No. I am sorry. My mind is very vague in that regard. I just don't remember.

Q You don't recall who presented that amendment to the Board?

A No, sir. I would assume that it was the County Counsel, but it could have been someone else. But I just don't. I am sorry.

Q You don't recall that meeting at all?

A No, sir, I don't.

Q What is your opinion as to the present status of the rights of the Camden-Dayton Company?

A I don't think they have any rights.

Q When do you think they terminated, if they ever had any?

A Well, again I will have to plead -- I am not sure as to the date, but I think it terminated by the terms of its own contract, as I remember. It still is a little vague. But I believe that the terms of the contract provided for its termination. If there was not anything successfully brought out by the terms of the contract, why, it would become null and void.

Now, again, I would have to say I have to plead ignorance, because not being familiar with the contract, I couldn't tell you definitely what it provided. But that was my understanding, that the contract nullified itself because of the nonperformance. Now, maybe I am crazy on that, but that is what I believe is correct.

Q You don't have present knowledge or recollection

of facts surrounding the adoption of the Camden-Dayton agreement, or the subsequent amendment to it, is that correct?

A No, not too familiar, no. No, I am not, Mr. Cook. I am not too familiar with that.

Q You say that it terminated by its own terms. Would you explain that more fully, or could you? Can you recall?

A Frankly, I can't recall but vaguely in my mind, and I think that the terms of the contract were such that they would -- that if certain things were not done by the Camden-Dayton Corporation, the contract would become null and void. And I believe that by the very terms, that they didn't fulfill, and as a result the contract terminated.

Q Possibly I could refresh your recollection a little bit. This was a scrip arrangement, I believe?

A That's right.

Q And I believe that the matter went to the Department of the Interior, United States Government?

A That's right.

Q And they decided that scrip was not applicable to tide and submerged lands, is that correct?

A That is right.

Q I believe there was a reassignment of that scrip to the Camden-Dayton Company, is that correct?

A Could be.

Q And I believe that was in the year 1953, is that correct?

A Could well be, Mr. Cook.

Q And the renegotiation with the Camden-Dayton Company was in 1954?

A It might be.

Q That would, then, be subsequent to the re-assignment of the scrip to the Camden-Dayton Company. Now, what happened after 1954 that would cause this re-negotiated contract to be unenforceable, or to have terminated?

A Boy, you got me. I don't know. I am sorry.

Q Referring to the meeting of February 14, 1956, wherein the contract with American Marine was adopted by the Board of Supervisors, could you explain more precisely what you felt was the urgency in adopting the contract at that meeting? I believe you were the moving member of the Board, isn't that correct, to have that matter considered at that time?

A Well, Mr. Cook, I believe I testified just a little bit ago that there was a rumor that an injunction or an enjoinder, or whatever the legal term for it is, might be filed against the County. And for that reason, as long as it was not necessary to take any more time, we had all had three weeks to study the contract, it would be just as

well to bring the contract up and sign it at that time rather than prior to that.

Q I am sorry, it has just been brought to my attention that Mr. Heinz Kaiser was the moving party.

Do you know who was to file this injunction?

A No, sir, I do not.

Q I believe you stated already that Mr. McFadden was the one that mentioned this?

A Mr. McFadden, yes.

Q McFadden?

A Yes. It could have been Mr. Kaiser, too. I don't know because we talked going from our offices over to the Board hearing room, the same as you fellows do going from your offices to the Assembly Room. And your conversations down the hall, you might mention certain things and that is the way that happened exactly.

Q Did you feel at that time that there would be probably litigation involving these lands in the event that you proceeded?

A Yes. I believe I was aware of that Mr. Cook.

Q And that is why you went ahead, because someone had stated that you would be enjoined unless you proceeded on that date, is that correct?

A Well, that, in effect, I think, is correct.

Q Was there any other consideration why you went ahead that day rather than the date originally scheduled?

A No, I don't think so. I don't believe so. Not to my knowledge.

Q There was no other consideration?

A No, No. Not to my knowledge.

Q Only the fact that someone had said that you would be enjoined from entering into this contract unless you proceeded on that date?

A That's right.

Q Did anyone ever say that there was a legal proceeding begun to enjoin you from entering into this contract?

A I don't know that there was, Mr. Cook. I couldn't positively state so.

Q How imminent was this injunction proceeding said to be? Do you know that?

A Frankly, no, I don't. I wish I did know.

Q Was there a man standing in the next room waiting to serve you --

A No. No.

Q -- with a complaint?

A I don't think so. I don't think so.

Q You don't think so?

A It could have been. We never know. I have walked out of the door of the hearing room and been served with a summons.

CHAIRMAN ALLEN: Let's take a recess at this time until 1:30. The witnesses present under subpoena will

be instructed to return at that time.

(RECESS FOR LUNCH)

BUENA PARK, CALIFORNIA, WEDNESDAY, OCTOBER 1, 1958, 1:40 PM

--oOo--

CHAIRMAN ALLEN: Let the record show there is a quorum present.

Mr. Featherly, before we get back to you let's see if Mr. Joel Ogle is present, or anybody representing Mr. Ogle. Would you step down for a minute, Mr. Featherly?

A subpoena was served on Mr. Ogle, and I understand we have his attorney present.

MR. JOSEPH BALL: Yes. My name is Joseph A. Ball. I represent Joel Ogle, County Counsel of Orange County.

As I advised you, Mr. Chairman, a week ago, I was not sure that Mr. Ogle could be present today because of ill health. That has been confirmed since. I think that most of you know by rumor that Mr. Ogle was taken to the hospital suddenly about three weeks ago early in the morning, and they believed at that time that he had a recurrence of an old heart attack. But he was very ill. He was unable to see anyone for several days. I wasn't even able to talk to him on the telephone.

He had pneumonia and pleurisy, with quite a bit of fluid on the lungs. He just went home last week. I obtained from his doctor an affidavit, Doctor Robert A. Peeler, which I will now hand Mr. Allen as Chairman of the Committee.

CHAIRMAN ALLEN: All right, thank you.

MR. BALL: In which he advises that Mr. Ogle is unable to be present at this time.

Now, I consulted with Mr. Ogle since then, and he has suggested that I advise you --

ASSEMBLYMAN WEINBERGER: Mr. Chairman, I think we ought to be pretty careful here before we have any statements made on behalf of Mr. Ogle when he is under subpoena, unless we want to immunize him, and I don't believe we do.

If Mr. Ball is about to make a statement on behalf of Mr. Ogle, I would think it would get rather close to the cases that immunize a person who gives testimony. I make this just as a suggestion to you.

CHAIRMAN ALLEN: Well, Mr. Ball has not been sworn.

MR. BALL: I don't intend to make any statement at all except an offer of Mr. Ogle to testify.

CHAIRMAN ALLEN: He is not required to testify.

MR. BALL: I don't think that comes within the rule that you mentioned, Mr. Weinberger.

ASSEMBLYMAN WEINBERGER: Well, I hope not. I think that it might be well to have in the record a waiver from Mr. Ball of any indication or any attempt that would later be made to claim whatever is to follow as to immunization.

MR. BALL: Well, obviously, I will make no such statement as that, Mr. Weinberger.

ASSEMBLYMAN WEINBERGER: Well, if you are about to

make any statement on behalf of Mr. Ogle, then I would think that we would be close enough to the case that I would be worried about it.

MR. BALL: Well, you make your own ruling. I don't care whether I make a statement or not.

CHAIRMAN ALLEN: Let's see if we can straighten this out.

Now, Mr. Ball, you have not been sworn, and you are not required to testify. We called for Mr. Ogle under the subpoena. You told us he is not present and the reason. And you were about to say something with regard to Mr. Ogle's possible future appearance.

MR. BALL: If you want to continue the matter.

CHAIRMAN ALLEN: If you care to do so, go ahead.

MR. BALL: If you want to continue the matter to some date in advance, he will be pleased to be present. That is all I wanted to say. Nothing to the merits.

CHAIRMAN ALLEN: All right, thank you, Mr. Ball. If we have another hearing, we will notify you.

The affidavit from Doctor Peeler we will mark as an exhibit, Mr. Cook, if you wish to handle that, please.

Mr. Featherly, would you resume the stand for us?

C. M. FEATHERLY,
recalled as a witness by the Committee, having been

previously duly sworn, was examined and testified as follows:

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q While Mr. Cook is taking care of that matter, Mr. Featherly, I had a question or two.

I believe I asked you this morning if you knew Mr. Lambert; C. E. Lambert?

A That's right.

Q And your statement was you never met the man?

A That's right.

Q Do you recall whether or not Mr. Lambert made an appearance before the Board of Supervisors on the date the supplemental Camden-Dayton contract was approved by the Board?

A I couldn't say, Mr. Allen. I wouldn't know the man. He could have been in the audience, but if he was, he didn't appear, didn't say anything to my knowledge. He was not known to me, and still isn't.

Q Could you describe Mr. Lambert?

A I never saw the man to my knowledge.

Q Do you know a Mr. Matt Parr?

A No, sir, I do not.

Q Or Bud Parr?

A No, sir.

Q Have you ever met a Mr. Henry Foust?

A Henry Foust? Yes, sir, I have.

Q Who is Henry Foust?

A I think Mr. Henry Foust is the father of Mr. Rhae Foust, Jack Foust, and Emil Foust.

Q And in what connection did you meet Mr. Henry Foust?

A I don't know that there was ever any connection, as far as that is concerned. He was an oldtimer in the County down there. I never had any dealings with him, but I knew who he was.

Q I see. You never had any business transactions with Henry Foust?

A No, sir, none whatever.

CHAIRMAN ALLEN: All right, Mr. Cook.

FURTHER EXAMINATION

BY MR. COOK:

Q I have one other question, Mr. Featherly. I would like to ask you whether or not, between January 31st, 1956, and February 14th, 1956, you fully read the American Marine contract?

A Yes, sir, I did, in its entirety, not once, but two or three times.

Q And would you state again with whom did you discuss that contract?

A Well, I think the testimony, Mr. Cook, will show we discussed it with Mr. Kaiser, Mr. McFadden,

Mr. Hirstein, Mr. Ogle, and myself.

Q Anyone else?

A Not to my knowledge.

Q One further question, Mr. Featherly. Do you recall whether on February 14th, 1956, there was a written agenda of that meeting?

A I don't believe that at that particular time, Mr. Cook, that the Board was having a written agenda. We have adopted that policy in the last year. I would say perhaps in about the last year. That is, that each member of the Board gets a copy of the agenda. The County Clerk, who is our Clerk of the Board, generally has the agenda.

But we have insisted in the last year and a half that each member of the Board get a copy of the agenda, and that has been forthcoming.

Q At your meeting of February 14th, 1956, was there an entry on the agenda of the County Clerk indicating that the American Marine contract was to be considered?

A I couldn't say that for sure. But I assume that there possibly was. I think the Clerk's records would show it.

Q When would the Clerk have picked that up? I understand that you did not know that until about an hour before the hearing.

A Well, I don't know whether she had it, actually, to tell the truth. I couldn't say that she had it on

the agenda.

Q To your knowledge, were any persons notified of this item?

A Not to my knowledge. Not to my knowledge.

MR. COOK: That is all. Thank you very much.

CHAIRMAN ALLEN: Any other questions? All right, thank you, Mr. Featherly. There may be some others that will occur to us during the hearings, so if you would remain, we would appreciate it very much.

THE WITNESS: Thank you very much, and I thank the Assembly Committee for their courtesy. I appreciate it.

CHAIRMAN ALLEN: Thank you.

Mr. Wesley West.

ASSEMBLYMAN HANNA: He has gone out for a telephone call. Can we call one of the short witnesses?

CHAIRMAN ALLEN: All right. Is Marian Parr present?

MARIAN PARR,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN: (Q) Your name, please?

A Marian Parr.

Q Where do you live?

A Santa Monica.

Q Are you married?

A Yes, I am.

Q Your husband's name?

A William Parr.

Q Is he also called Bud Parr?

A Yes, he is.

Q That is spelled P-a-r-r?

A Yes.

Q Do you know whether or not Mr. Parr, your husband, owns stock in the American Marine Exploration Company?

A I believe he does. I am not sure.

Q Where is your husband at the present time?

A My husband right now is in Kingman, Arizona, so far as I know.

Q I am sorry, I can't hear.

A Kingman, Arizona, so far as I know.

Q Will you spell the name of the place for us?

A Kingman.

Q Kingman, oh, thank you. What business is Mr. Parr in?

A My husband has many interests; many business interests.

Q Such as?

A He has interests in cattle. He is on the board of directors of a Mexican airline, I believe.

ASSEMBLYMAN WEINBERGER: I can't hear, Mr. Chairman,
I am sorry.

CHAIRMAN ALLEN: Would you pull the microphone closer,
please, Mrs. Parr?

THE WITNESS: I really don't know very much about
my husband's business interests.

Q BY CHAIRMAN ALLEN: Did you know a late Mr.
H. C. Cockburn? Did you know him?

A Yes. I met him.

Q Where did you meet Mr. Cockburn?

A I met him, I believe it was in my home.

Q Was this more than once?

A Once or twice.

Q Is it your understanding that this Mr. Cockburn
was a resident of Texas?

A I didn't ask.

Q Did you get any impression as to where
he was from?

A Yes. I understood that he was from Texas.

Q Could you tell us your understanding of the occasion
for his visits to your home?

A No. It was social, as far as I was concerned.

Q Did Mr. Cockburn tell you anything about the
Orange County tidelands situation?

A No, sir, he did not.

Q Or the Camden-Dayton Company?

A No, sir.

Q Or the American Marine Exploration Company?

A No, sir.

Q Do you know Mr. C. E. Lambert?

A No, I do not.

Q Does the name mean anything to you?

A No. I have heard it today. That is all I know.

Q Do you know Mr. Lipko?

A No, sir.

Q Is it your understanding that your husband owns stock in the American Marine Exploration Company? I believe that is what you just said.

A I think so.

Q Have you ever seen the stock?

A No, sir.

Q Do you know whether anybody else is associated with your husband in the ownership of this stock?

A Would you repeat the question, please?

Q Is any other person associated with your husband in the ownership of this stock?

A I don't really know.

Q Does your husband, aside from the ownership of this stock in the American Marine Exploration Company, have any business interests in California?

A It is possible. I really don't know anything

about my husband's business affairs.

Q Have you ever met Mr. Rhae Foust?

A Yes, I have.

Q What did Mr. Foust look like, his personal appearance?

A Tall, in his late 50's.

Q Would you say over six feet tall?

A I don't know. I only met him once at my home. He just stopped by because he was in the neighborhood.

Q Did you talk to Mr. Foust when he stopped by?

A I believe I answered the door and said, "I am Mrs. Parr." And he said, "I am Mr. Foust." I went on with my children --

Q And more conversation?

A No, I had no conversation with him. I introduced him to my children and that was all.

Q Do you know whether your husband had any business dealings with Mr. Foust?

A No, sir, I do not.

Q You only met Mr. Foust on the one occasion?

A I believe so.

Q Did you ever talk to Mr. Foust on the telephone?

A I wouldn't know Mr. Foust's voice on the telephone, unless he said that it was Mr. Foust.

Q Do you remember talking to somebody --

A Many people call and ask for my husband and

don't give their names, you see.

Q I understand.

A So I don't really know.

Q Well, do you remember any conversations with Mr.

Foust on the telephone?

A Specifically with me?

Q Yes.

A No, I don't.

Q Have you ever met Mr. Joel Ogle?

A No, sir, I haven't.

Q Pardon?

A No, I have not.

Q You never met the man?

A No, sir.

Q Have you ever heard of Camden-Dayton Company?

A No, sir. Today.

Q Have you ever met Roy Maggart?

A Who?

Q Roy Maggart?

A No, sir.

Q Does the name mean anything to you?

A No, it means nothing to me.

Q Do you know Mr. Wesley West?

A Yes, I do.

Q When did you first meet Mr. West?

A I don't remember exactly when I first met

him, but we are friends of the Wests.

Q Have Mr. and Mrs. West ever visited you in your home?

A Yes, sir, they have.

Q More than once?

A Yes.

Q When was the first time they visited you in your home?

A I don't remember the first time. I could not say specifically when.

Q Could you tell us whether it would have been a month, a year, ten years ago, approximately?

A Let's see. About a year, approximately.

Q Have you ever met Mr. or Mrs. West at other places than your home?

A Yes, sir, I have.

Q Where?

A Occasionally we went to the races together.

Q Here in Southern California?

A Yes, sir.

Q Have you ever met the Wests outside of California?

A No, I have not.

Q Did your husband have a business at Kingman, Arizona?

A I believe he is there now looking at a

ranch.

Q He has a ranch there?

A I believe he is looking at a ranch.

Q Does your husband have a business in Mexico?

A He has tentative plans for a resort hotel in Mexico. However, I don't know definitely about this either.

Q To your knowledge, does your husband presently own a business in Mexico, or an interest in one?

A I couldn't say.

Q Were you ever in the Airport Club in Seal Beach?

A No, sir, I was never there.

Q Do you what the Airport Club in Seal Beach was?

A No.

Q Did you ever hear of it?

A I read something about it in the paper.

Q Do you know whether your husband was interested in a business way in the Airport Club?

A No, I do not.

CHAIRMAN ALLEN: Any questions?

MR. COOK: I have some questions.

CHAIRMAN ALLEN: Mr. Cook.

EXAMINATION

BY MR. COOK:

Q Mrs. Parr, how long has your husband been in Arizona, do you know?

A I talked to him last night, and he was on his way to Arizona.

Q How long has he been gone from California?

A He was in California last night.

Q Did you ever tell him that this Committee was trying to get in touch with him?

A Yes, I did.

Q What did he say?

A Well, he said that he would be very glad to come in at any time, but that he had a cattle sale coming up in Montana and he had to be there, and that after this cattle sale he would be very glad to come in and testify.

Q Do you recall the first date that you were contacted in connection with this hearing?

A No, I do not. I have three small children, and half the time I am not --

Q How long ago would you say it was?

A Two weeks, possibly.

Q Where has he been during that two weeks?

A Well, he was home for about a week. He took the children fishing every day. He was gone awhile before that. He was in Mexico. He told me he was in Mexico. And then he was in town for a few days.

MR. COOK: Thank you.

CHAIRMAN ALLEN: Any other questions? Thank you, Mrs. Parr. You will be excused.

Mr. West.

WESLEY WEST,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name is Wesley West?

A That is correct, sir.

Q Mr. West, since our hearing in Los Angeles have you had occasion to read over the transcript of the testimony you gave us at that time?

A Yes, sir, I certainly have.

Q Would you care to elaborate or make any changes or corrections in that testimony?

A I have a letter here that I would like to read into the record, if I may.

Q Is this your own statement?

A My own statement.

Q All right. Go ahead.

A This is to the Honorable Bruce F. Allen,
Chairman of the Interim Committee on Judiciary, Subcommittee
on Tideland, Room 113, State Building, Los Angeles

12, California.

"Dear Mr. Chairman:

"In reviewing the transcript of my testimony given before your Committee on August 26 and 27, 1958, in Los Angeles, I have observed the following errors in the transcript to which I direct your attention.

"On page 201, line 9, the next to the last word in the sentence is 'completional.' This word should be 'depletion.'

"On line 19 of the same page the word 'completional' appears. Again the word should be 'depletion.'

"On page 204, line 25, 'our one position' should read 'one theory.'

"On line 19, page 206, the name 'Paul Addison' appears. It should be 'Paul Ottoson' (attorney, Signal Oil Company).

"On page 207, line 15, the words on that line which read 'position that we were now' should read 'position that they were now.'

"The sentence beginning on the last line of page 207 which now reads 'that we had no interest in that' should read 'We had no interest in that prior to the date of American Marine's contract.'

ASSEMBLYMAN WEINBERGER: Mr. Chairman?

CHAIRMAN ALLEN: Yes, Mr. Weinberger.

ASSEMBLYMAN WEINBERGER: Are these changes that you wish to make in your testimony?

THE WITNESS: No, sir. They are what I consider to be errors either in the transcript of the testimony --

ASSEMBLYMAN WEINBERGER: Or what you contend to be errors?

THE WITNESS: Yes, sir.

ASSEMBLYMAN WEINBERGER: I wasn't clear.

THE WITNESS: I have not discussed these changes except just to mention the fact that I have the letter with the court reporter, and told him that I want to call them to his attention.

ASSEMBLYMAN WEINBERGER: I see.

THE WITNESS: May I continue?

ASSEMBLYMAN WEINBERGER: Sure.

CHAIRMAN ALLEN: Go ahead.

THE WITNESS:

"On page 209, at the end of line 2 and beginning of line 3, the word 'New Mexico' appears. This should be 'Mexico.'

"In addition to the errors listed hereinabove, I find that there is conflicting and confusing testimony given by Earl Hightower concerning the first date on which I acquired an interest from Dr. Hampton C. Robinson or had any negotiations for an interest in the stock of American Marine

Exploration Co., Inc.

"Obviously, Mr. Hightower and Dr. Robinson may have had some thought that they could get me interested in purchasing Dr. Robinson's stock. I do not know what these gentlemen had hoped to do, but I do know positively that I acquired no interest and I had no negotiations regarding the acquisition of an interest in ~~American~~ Marine or its stock or its contract with the County prior to the time that Dr. Robinson and Mr. Hightower called on me in my office in Houston, Texas, on or about March 27, 1956.

"From the time that I turned down the offer to become interested in the Camden-Dayton Corporation, which was probably in October or November of 1955, until the time Dr. Robinson and Mr. Hightower contacted me in Houston on or about March 27, 1956, I made no inquiry of or expressed no interest concerning the American Marine Exploration Co., Inc. or the acquisition of stock therein.

"The only explanation that I can offer for any letters or communications received from Mr. Hightower or from Dr. Robinson regarding the American Marine contract or the stock of the corporation is that possibly Dr. Robinson hoped to get me interested in acquiring the stock at some future date. I had no discussion with him concerning such a possibility.

"The statements embraced in this letter are made under the assumption that I am still under oath when making them and I ask that the Committee so consider them and make this letter a part of the testimony of the hearings hereinabove referred to.

"Although the remarks in this letter thus far have pertained primarily to my testimony or testimony the conflicts therewith, I have noticed a number of instances in reading this transcript where the witnesses obviously did not understand the questions, or some parts of the questions were improperly transcribed. This is particularly true of Mr. Adoue's testimony, and I have furnished him with a copy of the transcript of the testimony with the request that he review it for accuracy concerning his own remarks. I have also asked Mr. Adoue to review with Dr. Robinson the facts surrounding my acquisition from him of his stock in American Marine. After so doing, Mr. Adoue has made the attached affidavit and Dr. Robinson has likewise made an affidavit attached hereto. Each of these is self explanatory, and the Committee is respectfully requested to read them into the record and make them a part thereof.

"Yours very truly."

Now, if I may, I would like to read the affidavits.

CHAIRMAN ALLEN: You have some from Mr. Adoue?

THE WITNESS: Yes, sir.

CHAIRMAN ALLEN: And who else?

THE WITNESS: Hampton C. Robinson.

CHAIRMAN ALLEN: May I see the affidavits before you read them?

THE WITNESS: Yes, you may see them, sir.

CHAIRMAN ALLEN: You have here verified statements from Mr. Adoue and Dr. Robinson. All right, go ahead Mr. West.

THE WITNESS:

"The State of Texas, County of Harris. Before me, the undersigned authority --"

CHAIRMAN ALLEN: Which one is this?

THE WITNESS: This is Jacques P. Adoue.

CHAIRMAN ALLEN: All right, thank you.

THE WITNESS: "Before me, the undersigned authority, on the day personally appeared Jacques P. Adoue, known to me to be a credible person, who, being by me first duly sworn, doth depose and say: I am the same Jacques P. Adoue who testified before the Sub-Committee on Tidelands, Assembly Interim Committee on Judiciary of the Legislature of the State of California, on August 27, 1958. I have now been afforded an opportunity to read the transcript made of my testimony at that time. Certain errors appear either in that transcript or in my understanding of the question

which was asked me and I wish to make such clarifications thereof as may be of assistance to all concerned, as follows:

"(1) At Page 369 of the transcript appears the following question asked by Assemblyman Hanna;

"'Q. Mr. Adoue, did you contact, in relation to the business of the American Marine Exploration Company, the records in Nevada relative to that company?'

"It is my belief and certainly my understanding that the question put to me was as follows?

"'Q Mr. Adoue, did you contact, in relation to the business of the Camden-Dayton Corporation, the records in Nevada relative to that company?'

"My answer, which is shown on line 15 on the same page is directed to the question in its latter form. I did examine the records in Nevada relative to Camden-Dayton Corporation on the occasion of my trip to investigate that corporation made in 1955. Mr. Neuhoff, to whom I referred at Lines 18 and 19 of that page of the transcript, was mentioned in those records as connected with Camden-Dayton Corporation. Mr. Newhoff was never connected in any way with American Marine Exploration Co., Inc., so far as I know or believe.

" (2) Lines 2 and 3 on Page 375 of the transcript read as follows:

"'He hoped to introduce Mr. West in the

proposition at some time, and he was sending me a copy of a draft of it.'

"What I said was:

"'He hoped to interest Mr. West in the proposition at some time, and he was sending me a copy of a draft of it.'

"It may also be that some further clarification of my testimony regarding the matters referred to in my examination by Chairman Allen, beginning at Page 374 of the transcript, may be helpful.

"In my answers to the questions appearing at Lines 8, 9, 10 and 12 of Page 374, I indicated that I did not know for sure who made the proposal or contact on the basis of which Mr. West sent me to California in 1955 to investigate the Camden-Dayton Corporation. Upon being asked whether I had any idea, I replied that I would say it was either Dr. Robinson or Mr. Cockburn, and probably the latter.

"The answer was made in this fashion because I had had contacts with Mr. Cockburn and with Dr. Robinson on other matters which had no relation whatever to Mr. West or his business or to either the Camden-Dayton Corporation or American Marine Exploration Co., Inc. I am convinced that it was my intention that my testimony should indicate that the draft of a proposed contract between Orange County and American

Marine Exploration Co., Inc., was sent to me by Dr. Robinson as a friend and to keep me informed. "Also, it may be that he was interested in obtaining my reaction to the proposed form of contract before approaching Mr. West with regard to the sale of stock in American Marine Exploration Co., Inc., but if so, he did not indicate any such intent or purpose to me at that time nor had he theretofore. So far as I know and believe, the first contact between Mr. West and Dr. Robinson with regard to the sale of American Marine Exploration Co., Inc., stock took place on or about March 27, 1956, and Mr. West had no interest in the proposed contract or in that corporation prior to that time, nor did I have any interest therein except as a matter of information only."

ASSEMBLYMAN MILLER: May I interrupt here a moment? How long is this affidavit? How much more do you have to it?

THE WITNESS: I have just one more short paragraph.

ASSEMBLYMAN MILLER: All right. In view of that statement, I think we are wasting our time here in reading this affidavit. It could be submitted. In view of that, let's finish it, and let's not have any more of this.

THE WITNESS: Well, I would like a chance to correct

the record whenever I think it is wrong.

ASSEMBLYMAN MILLER: Certainly, but not with our reporters. It could be corrected by handing in these affidavits.

THE WITNESS: If you are afraid to make it public, sir, --

ASSEMBLYMAN WEINBERGER: You are not correcting the record, sir. You are reading somebody else's statement of apparently what he wished he had said a couple of weeks ago in Los Angeles.

THE WITNESS: I don't think that is correct, sir.

ASSEMBLYMAN WEINBERGER: It is a very new note procedurally, as far as I am concerned. It would be a lot easier to win lawsuits if we could do this in court. I don't think this has any evidentiary value. If you want to finish the last paragraph, go ahead.

THE WITNESS: I would like to finish the last paragraph, please.

CHAIRMAN ALLEN: Let's give Mr. West an opportunity to correct this before we go on, because I know we have some more questions to ask.

THE WITNESS: I would like very much to have the opportunity, please.

CHAIRMAN ALLEN: Go ahead.

THE WITNESS: "Some indefiniteness exists in the testimony as to my making trips to California

between October, 1955, on the occasion of my investigation concerning the Camden-Dayton Corporation and the succeeding months.

"Investigation of my records indicates that after leaving Los Angeles in October of 1955 I did not return to Los Angeles or California until about April 20, 1956. My best recollection is that after seeing and talking with Mr. Hightower concerning the Camden-Dayton Corporation in October, 1955, I did not again see or talk with Mr. Hightower until on or about March 30, 1956, when he came to Mr. West's office at Houston, Texas, with Dr. Robinson in connection with the sale of Dr. Robinson's stock in American Marine Exploration Co., Inc., to Mr. West. Jacques P. Adoue. Subscribed and sworn to before me this 29th day of September, 1958. E. Aytes, Notary Public in and for Harris County, Texas."

CHAIRMAN ALLEN: May I have the affidavit?

THE WITNESS: You may have it. Now I have the affidavit here also from Doctor Robinson. Would you prefer that I not read it?

CHAIRMAN ALLEN: Well, let's pass the affidavit down to the members of the Committee and let them examine it.

THE WITNESS: All right, sir.

CHAIRMAN ALLEN: And whatever the Committee decides,

we will follow.

ASSEMBLYMAN SUMNER: Mr. Chairman, inasmuch as he hasn't testified, perhaps we could just submit the affidavit.

THE WITNESS: Well, I take the position that inasmuch as the other testimony had been public, that the opportunity to correct the statements should also be made public.

CHAIRMAN ALLEN: If you want to offer Dr. Robinson's affidavit, we will mark it as an exhibit and make it available to the press immediately.

THE WITNESS: That will be fine.

CHAIRMAN ALLEN: And if the Committee wants it read into the record, we will do that. Did you give us your affidavit? That was a letter you read.

THE WITNESS: No, I stated in my letter that I was making it under the assumption that I was still under oath and I would be glad to certify that before a notary, if you would care for me to.

CHAIRMAN ALLEN: Well, you have given us your own letter and Mr. Adoue's affidavit and Dr. Robinson's affidavit.

THE WITNESS: That is correct.

CHAIRMAN ALLEN: All right, we will mark all of them as the next exhibit, Mr. Cook.

EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. West, I understand from what Mr. Adoue said --

ASSEMBLYMAN O'CONNELL: Mr. Chairman, is Mr. West now under oath?

CHAIRMAN ALLEN: Yes.

THE WITNESS: Yes, I am under oath.

Q BY CHAIRMAN ALLEN: From what you have just told us, and also according to Mr. Adoue's testimony, in the fall of 1955 you sent Mr. Adoue to California to make an investigation for you of the Camden-Dayton contract. Is that right?

A That is correct.

Q And do you remember the approximate date that you sent Mr. Adoue out here?

A It was either the latter part of September or October. I am not sure which.

Q Of 1955?

A 1955.

Q That is before the American Marine contract?

A Correct.

Q At that time Mr. Adoue was your personal attorney?

A That is correct, sir.

Q And what was the purpose in sending Mr. Adoue

to California?

A I had been offered an opportunity to buy an interest in the Camden-Dayton Corporation if the negotiations which Mr. Cockburn was supposed to be conducting at that time were successful.

Q Who offered you this?

A Mr. Cockburn.

Q When?

A Possibly a week or just a few days before Mr. Adoue departed to come out here.

Q And what were the terms that were proposed to you?

A Well, very screwy terms, as I recall them. They were to purchase all of the stock of the Camden-Dayton Corporation, I believe, for \$900,000. And the proposition that he offered me, which I had no intention of accepting, and I thought that if the investigation turned out properly I might want to do some negotiating on that, the proposition was that I put up \$300,000 in cash and that the other 600,000 would be paid within either 60 days, 90 days, or 6 months, I am not sure which period of time, by Cockburn and Doctor Hampton Robinson.

Q Now, did Mr. Cockburn tell you this?

A Yes, sir.

Q And where was this conversation between

you and Mr. Cockburn?

A Well, I couldn't tell you whether it was in my office or his, but it was in Houston, Texas.

Q Did you have a conversation on the same subject with Doctor Robinson around that time?

A No, sir.

Q Or anyone else?

A No, sir. Well, Mr. Adoue, yes. I talked to Mr. Adoue about it before he came out here.

Q And he was representing you?

A That is correct.

Q I mean anybody on the Camden-Dayton side?

A Didn't know then, and I don't know now, anybody on the Camden-Dayton side.

Q Did Mr. Cockburn mention any names as to who he was dealing with in negotiating this?

A Yes, he did.

Q Who?

A He mentioned the name of Mr. Scott, Mr. Cord, E. L. Cord; and I believe a Mr. Maggart.

Q Roy Maggart?

A Yes.

Q And which of these people was it your understanding that Mr. Cockburn had been directly negotiating with?

A I did not know that, sir.

Q Well, did you get any impression at that time as to who --

A No, sir. I did not get any impression of it, sir.

Q What did Mr. Cockburn tell you that Camden-Dayton was, or what they had that he wanted to have investigated?

A He said they had some scrip, and it was subject to being filed on the tide and submerged lands and on some uplands as well.

Q Did Mr. Cockburn tell you that Camden-Dayton Company had a contract with Orange County?

A No, sir.

Q That wasn't discussed?

A No, sir, that was not discussed.

Q Well, you knew that the land involved was in Orange County, California, didn't you?

A I possibly did. I am not certain. I wasn't that interested.

Q Well, where did you tell Mr. Adoue to go on this trip to California?

A I told him to go where Cockburn would tell him to go. I just asked him to make an investigation of the proposal and to get in touch with Mr. Cockburn and find out where to go.

Q And where did Mr. Adoue go, to your knowledge,

in making this investigation?

A Well, for one thing, he went to Reno. Then he came into the State of California. He went to Sacramento. He finally came to Los Angeles, and the other places I just wouldn't know.

Q And I believe Mr. Adoue testified that he gave you a written report on the subject?

A I think that is possibly correct.

Q Do you have that report?

A Here? No, sir.

Q Would you supply the Committee with a copy of it?

A I don't think I would. I don't think it has any bearing on the Committee's investigation of the tidelands because it was purely an opinion of my attorney directed to me as to the results and recommendations, the results of his investigation, and the recommendations that he made. I consider it purely a private and confidential affair.

Q After you got this opinion from Mr. Adoue did you have any further conversations with Mr. Cockburn, or anybody from Camden-Dayton relating to that subject?

A I never had any conversations with anybody from Camden-Dayton. I told you just a few moments ago that I didn't know then, and I don't know now, anybody from the Camden-Dayton, or with the Camden-Dayton Corporation.

Q Well, how about Mr. Cockburn?

A Mr. Cockburn, as far as I know, was not with the Camden-Dayton Corporation, and I think my investigation disclosed that he had no interest in it other than negotiating for the purpose of the stock.

Q Well, after you got the opinion from Mr. Adoue did you talk to Mr. Cockburn about it?

A Naturally I talked to him. I told him that I was not interested in the proposal at all.

Q And when did you convey this message to Mr. Cockburn?

A I don't know exactly but I would say that it was at the first convenient time following Mr. Adoue's report to me.

Q Do you recall whether or not it was in 1955?

A Yes, sir, definitely it was in 1955.

Q About what time of the year?

A I think that is covered in the letter that I wrote, submitted a few minutes ago. I think it was either October or November.

Q Did Mr. Cockburn tell you what he was going to do then?

A How is that?

Q Well, did Mr. Cockburn then tell you what he was going to do?

A No. I think Mr. Cockburn made a statement, I

think he called Mr. Adoue and asked him what it would take to get me interested in his California proposition, and I said, "Well, I am just not interested at all. They would have to have a new contract, a new company, with new people. I just wouldn't be interested in it under any circumstances."

Q Well, let me see if I understand you correctly.

A I think you do, sir.

Q Did you tell Mr. Cockburn that he would have to have a new contract and a new company or --

A No. I think I told that to Mr. Adoue. I do not think I told it to Mr. Cockburn.

Q All right. This was for the purpose of relaying it to Mr. Cockburn, is that right?

A I don't know what purpose it was for. I guess that was what it was. He made an inquiry.

Q Mr. Cockburn made an inquiry?

A Made an inquiry from Adoue as to what it would take, and Adoue relayed that information to me.

Q And your stand was at that time that if you were going to be interested at all, it would have to be in a new company and new contract?

A Yes, sir, that I would have nothing to do whatsoever with the Camden-Dayton Company, or any of the people that were involved in it from the report that Mr. Adoue made to me.

Q What was the next you heard from Mr. Cockburn on this general subject?

A Well, I believe Mr. Cockburn made an appointment with me some time in February. I think he came out, actually came to my office and by the time he got there, maybe he made the appointment for a day or so in advance. Probably along the latter part of February. And I think when he finally did come out, it was the morning that his son had been operated on for a tumor and he was very upset. And he said, "I just don't feel like discussing business with you. I think I would rather talk to you later."

Q This was in 1956?

A Yes, sir.

Q All right. Then when was the next time that your talked to Mr. Cockburn?

A I think it was -- well, I may have talked to him a couple of times about his boy's condition. He may have called, or I may have called him and inquired about his boy's condition but we did not discuss any business.

Q Well, I mean the next time you talked to him about tidelands or oil?

A During the week that Doctor Robinson contacted me in the latter part of March, 1927 --

Q 19 what?

A 1956, about March the 27th.

Q This was after the American Marine had been formed and after the contract had been obtained with the County?

A Actually, after I had acquired my stock from Doctor Robinson.

Q You told us previously that you bought your stock, the first stock you got in American Marine, from Doctor Robinson.

A The only stock that I have, sir.

Q Well, there were stock dividends?

A Stock dividends, but it all stemmed out of the same purchase.

Q The first stock that you purchased was from Doctor Robinson?

A That is correct.

Q 270 shares?

A That is correct.

Q And that you bought this around the end of March, 1956, from Doctor Robinson?

A That is correct.

Q And you mentioned also that in conversation with Doctor Robinson leading up to this purchase that something was said to the effect that you have something I have, and I have something you want --

A I think you can express it a little better than

that, Mr. Chairman, can't you? I don't believe I quite followed you.

Q Pardon?

A I don't believe I quite followed your statement. Could you express it a little better?

Q Well, I don't quite follow yours that you gave us before.

A If there is clarification you would like, I would be happy to give it to you.

Q Well, there is something involved in the sale of or transfer of property from you to Doctor Robinson.

A That is correct.

Q What was that?

A I had a piece of property, and Doctor Robinson said, "You have got something that I want, and I have got something that possibly you would be interested in."

Q Was this real estate you had?

A Yes, sir.

Q In Texas?

A Yes, sir.

Q And did you sell that to Doctor Robinson?

A Yes, sir.

Q That wasn't in payment for the American Marine stock?

A No, sir. He just simply said, "If you will sell me your real estate, I would sell you my stock."

Q And I believe you said the amount you paid for the stock was \$270?

A That is correct, sir.

Q And prior to the time you paid this and bought the stock had you talked to Mr. Cockburn about the organization of a company, or the contract --

A I think I testified to that, sir, and I want to be respectful, but I don't like for you to ask me questions indicating that I have told you a lie just five minutes before. I have tried to give you truthful answers to my questions, and I will be glad to answer anything, and be as explicit as you would like for me to be.

Q Well, Mr. West, we haven't accused you of anything.

A Well, I understand that, sir. But you are inferring it, and I don't like it inferred, sir.

Q Well, do you object to answering the question?

A I do not object to answering the question. I just object to the discourteous manner in which you are directing the questions.

Q Well, I am sorry.

A Well, I am, too, sir, because I have endeavored, leaned over backwards to cooperate with this Committee. I have gone to considerable expense to do it.

Q All right. Let's get this clear in the record, because this is something that is very important

to the people of the State of California.

A I agree.

Q That is all we are interested in.

When you bought the stock in American Marine Exploration Company from Doctor Robinson --

A Yes, sir.

Q -- had you talked to Mr. Cockburn about the nature of the organization of American Marine, or the contract that American Marine had with Orange County?

A I think we went into all of that with Doctor Robinson and Mr. Hightower at the time I purchased my stock, and I do not think I had had any discussions with Mr. Cockburn about it.

Q When did you first meet Mr. Joel Ogle?

A I previously testified, I think, that I met Mr. Ogle on the first trip that I made to California after having purchased my stock in American Marine Exploration.

Q And where did you meet Mr. Ogle at that time?

A I believe it was in the Statler Hotel in Los Angeles.

Q Did you have a discussion with Mr. Ogle at that time relative to the American Marine contract?

A Yes, sir.

Q Aside from any discussion with Mr. Ogle regarding

the American Marine contract, a business relation between that corporation and Orange County, have you ever had any business dealings with Mr. Ogle?

A No, sir.

Q Never bought or sold property from him, or paid him anything?

A No, sir.

Q Have you ever loaned Mr. Ogle any money?

A No, sir. I would be glad to, though, if he needs it.

Q Have you ever acquired any property, subject to security relationship, where Mr. Ogle was obligated to make a payment of any kind?

A Yes, sir.

Q Would you describe that to us?

A Well, as best I can. It is a mortgage on his home.

Q You bought his home, is that right?

A No. I did not buy his home.

Q Well, just tell us what happened.

A Well, I told you what happened. I bought a mortgage on his home. Not from Mr. Ogle.

Q Who did you make this purchase from?

A I would have to refer to my checkbook to tell you. I don't recall the man's name.

Q Was it from an individual?

A Yes, sir.

Q Could you get us that man's name during today or tomorrow sometime?

A Oh, very definitely.

Q Do you know Mr. Shalowitz?

A No, sir.

Q Have you ever heard of a Mr. Shalowitz?

A Yes, sir.

Q Who is he?

A I don't know who he is, sir.

Q Well, you heard of him?

A Yes, sir, I have heard of him.

Q Some way?

A Some what I have heard of him. But that doesn't indicate that I know who he is or what he is. He is a Government employee. I think I can say that much.

Q Pardon?

A I understand him to be a Government employee.

Q Isn't it true that Mr. Shalowitz is a map or geological expert of some kind?

A That I don't know, sir.

Q You never heard that?

A I possibly have heard it. You asked me if I knew it.

Q Have you ever had a discussion with Senator Lynden Johnson regarding any work that Mr. Shalowitz was

doing for the Federal Government?

A A discussion with Senator Johnson? No, sir. I do not think so.

Q Or any investigations by the Federal Government into this general subject --

A I would like to understand that question.

Q -- Orange County coast line?

A I would like to understand that question, please. Would you repeat that for me, please?

Q Have you ever had any discussions with Senator Johnson regarding any investigations to be made by the Federal Government regarding the Orange County coast line?

A No, sir.

Q Never have?

A No, sir. You said by the Federal Government, didn't you?

Q That's right.

A Yes, sir. No, sir, I have not.

Q Or any Federal employee?

A Well, I have searched a number of records, or I have had people search a number of records for me. Is that a Government investigation? I don't know how you identify it. They are public records.

Q Do you know what Government agency Mr. Shalowitz works for?

A No, sir, I do not. I possibly have heard what agency he works for, but it just doesn't ring a bell with me.

Q Well, aside from any searches of Federal records that you have made yourself, or have had people or attorneys doing, do you know whether or not any Federal agency has made any such inquiry?

A No, I don't know of any Federal agency that is making any inquiries.

Q When was the first time you saw the American Marine contract with Orange County?

A That I couldn't say for certain, but I expect it was on the date that Doctor Robinson called on me in Houston and sold me his stock.

Q Around the end of March of 1956?

A That is correct.

Q Had you seen any drafts of the proposed contract before it was adopted by the County?

A I possibly had seen them. I don't think so, but I possibly had seen them if they had been attached to any letter that I might have received from Mr. Earl Hightower. But I did not read them, I did not study them, I may have passed them on and put them back in the file.

Q What is your understanding as to how Matt Parr became a stockholder in American Marine?

A I understand he purchased stock from Mr. H. C. Cockburn.

Q Do you know how much stock, approximately, Mr. Parr owns in that company?

A I think he owns exactly fifteen thousand and one shares.

Q Which is approximately what proportion of an interest?

A I would say it is close to 7 1/2 percent.

Q Do you know whether or not Mr. Ogle has any interest in that stock?

A He has no interest, so far as I know. I have asked him the direct question, and he has said he does not.

Q Or any other persons? Does any other person have any interest in Mr. Parr's stock?

A None that I know of, sir. Well, yes, other people, the stock records disclose that.

Q I mean, are there any other people interested in ownership of the stock that is recorded on the books in the name of Mr. Parr?

A Sir, I don't know that I understand you. What did you say?

Q All right, let me rephrase the question.

You told us that Mr. Parr has on the books a 15 percent interest, approximately, in the stock of this

corporation.

A No. I told you he had approximately 7 1/2 percent.

Q I am sorry, 7 1/2 percent.

A Yes, sir.

Q Do you know whether or not Mr. Parr has any silent association in the ownership of that stock?

A No, sir. I do not know and I would have no way of knowing, and no reason to know.

Q Do you have any other oil interests in California, other than the American Marine Exploration?

A At the moment, I do not.

Q I believe you were present during our last hearing when we had Jack Crawford and his father testify regarding a development they made in the Sunset Heights area in Orange County?

A Yes, sir.

Q Three wells that they sold. Have you ever had any interest in any property either with, or that you purchased from, the Crawfords directly or indirectly?

A None whatsoever, either directly or indirectly. Never met Crawford until I saw him in the hearing room, and he introduced himself to me at the August 26th hearing.

Q And during the testimony of the Crawfords the names of the ultimate purchasers of those three wells were mentioned, including a Mr. Routh and a Mr. Croom. Have

you ever met those gentlemen?

A I have never met Mr. Routh, and I don't believe I have ever met Mr. Croom, although several people, I have heard his name mentioned, and several people have said, "Well, surely you ought to know him." Is this Mr. Croom from California?

Q Have you got that file?

A I don't know. If he is a Texas man, I have had several people ask me if I didn't know him. And if he is a California man, I don't know anything about him at all.

Q Do you know any Texas men by the name of Croom?

A I have heard of one down there by the name of Croom, but I don't know, as I say, I can't recall anything about the man. I don't know him. But it is possible I met him some time. Lots of people have called on me in my office over a period of the last 25, 30 years, and he could well have been one of them. I don't know, But not if he is a California man.

Q This man you know in Texas, is he from Houston?

A I didn't say I know him. I said so far as I know, I don't think I do know him. But I may have run into him. I have had friends ask me if I didn't know a fellow named Croom.

Q Now, I believe it was developed during the

testimony at our last hearing that up to several hundred thousand dollars have been spent on the American Marine-Orange County side of this contract.

A That is correct, sir.

Q Investigations. Can you tell us, give us your own figures as to what that amounts to, and who put the money up?

A Well, Mr. Cockburn put up some \$40,000 plus of it, and the balance of it has been put up by me.

Q Can you give us some idea of the total involved up to this point?

A Well, I couldn't very well because I have, as I have explained to you before, a large part of this work done by people who are directly and permanently on my payroll. And no time sheets were kept as to what part of their time they devoted to this particular work.

Q Well, a figure was mentioned of "several hundred thousand dollars".

A I would say that is conservative.

Q Does that sound --

A I would say that is conservative.

Q All right. Do you have a contract yourself with the American Marine under which you advanced this money and are entitled to some return for it in some way? Would you describe that to us?

A I have one, and I have neglected, just because I

have been busy and haven't had a chance to get to it. I had a verbal agreement with Mr. Cockburn that I would have a series of contracts for undertaking certain investigative work for the company. I have one already, and I should have had at least another one by this time. But I have just not reduced it to writing.

Q Pursuant to this contract or contracts, you have advanced this money out of your own pocket, is that right?

A Yes, sir. In other words, I have contracted to undertake some work for the American Marine Exploration Company, with my own organization.

Q Do these contracts call for you a percentage in the contract with the County, or repayment of the money, or what? That is, what do you get back for it?

A They call for giving me the equivalent of an oil payment. It is a part of the proceeds, it is an equivalent part of the proceeds from the sale of the oil that American Marine would receive that would come to me as reimbursement for these expenses.

Q And what is that percentage?

A Well, the first contract is for a definite amount of \$200,000, sir.

Q 200,000 that you are going to advance?

A 200,000 that I am to receive. By making that

arrangement, the contract was worked out so that I would receive approximately \$4 for every dollar that I anticipated spending. But actually, the work became much more expensive than I had anticipated it being, and the cost, the \$200,000 that was allocated to me was probably insufficient to cover my actual cost.

Q Do you know Rhae Foust?

A Yes, sir.

Q In what connection?

A I have met him out here with Mr. Cockburn.

Q Do you recall when?

A I believe it was the same trip that I made here in 1956, in the spring of 1956, when I met Mr. Ogle. Not the same time, but the same trip, during the same period we were here. A day, possibly two, maybe three days.

Q Did Mr. Foust have some connection with American Marine?

A Not to my knowledge, he does not.

Q At the time you met him were you told he had a connection in some way with the American Marine Company?

A Well, the only connection that I knew that he had was that Mr. Cockburn had suggested that he do certain work for American Marine Which, by the Way I did not approve of.

Q Why.

A Because I didn't think he was competent. I didn't object to it in the beginning, but I didn't think he was competent.

Q What work did Mr. Cockburn want Mr. Foust to do?

A I think I testified about that the other day. It was work that was never specifically defined to me. It was certain types of public relations work, and gathering certain evidence, and possibly being able to advise us about some of the oldtimers in the area that we might contact.

Q Did you ever receive any information from anybody as to any work Mr. Foust had done in regard to the American Marine contract or to the time that you had met Mr. Foust?

A No, sir.

Q I believe you testified at the last hearing that you had met Mr. C. E. Lambert?

A Yes, sir.

Q When was the last time you saw Mr. Lambert, or talked to him?

A Well, I don't know that I could even give you -- I believe I could say that the last time I saw him was at a stockholders' meeting of the American Marine Exploration Company. It was held in this year, shortly after Mr. Cockburn's death. I think possibly April the

29th, but I would not like to be certain of that date.

CHAIRMAN ALLEN: Any questions?

ASSEMBLYMAN WEINBERGER: Yes, Mr. Chairman.

CHAIRMAN ALLEN: Mr. Weinberger.

EXAMINATION

BY ASSEMBLYMAN WEINBERGER:

Q Mr. West, when did you get this opinion from Mr. Adoue?

A I stated that I thought it was within a very short time, possibly a day, possibly a week after he returned from California.

Q And when was that?

A In October or November, 1955.

Q Now, this is the opinion you have declined thus far to let the Committee see?

A Yes. I don't consider it as any of the Committee's business as to what kind of a report Mr. Adoue made to me. It is something that I turned down completely; I didn't take any interest whatsoever.

Q Did this opinion given you by Mr. Adoue disclose that there was a contract with Orange County involved in any of these tidelands, that a contract would be necessary, or a contract had been obtained?

A I think it did say that there was some sort of a contract based on scrip which he did not think was valid. He didn't think it was good for filing on

these tide and submerged lands.

Q Well, did it say anything else about an independent or new contract it might have led to?

A No, sir.

Q Did the opinion mention Mr. Ogle?

A No, sir. I don't believe, I am certain it did not.

Q You are certain it did not?

A I am certain it did not because Mr. Adoue didn't know Mr. Ogle until I met him.

Q Did it mention any requirement of the Orange County Board of Supervisors to act upon a contract?

A I am sorry, I would --

Q Did it mention that it would be necessary in any operation of this kind for the Orange County Board of Supervisors to grant a contract?

A No, I don't think it did. I naturally understood that.

Q Well, did it mention that it would be necessary to get the approval of the Board of Supervisors to do that?

A I understood it had already been done.

Q Did the opinion say that?

A I don't know.

Q You see, that is why the Committee is quite interested in it, because of all these factors that make

it so relevant.

A Well, it really isn't relevant at all, as I see it, because it was a business proposition which was put to me, and which I turned down. And what I have is nothing but an opinion from my attorney as to why I should turn it down.

Q Now, immediately after seeing this opinion you made the statement, I believe, that you would only be interested if there were a new company and new personnel and a new contract involved?

A No, I did not make that statement, except in response to a question that Mr. Cockburn had directed to Mr. Adoue as to what, in his opinion, it would take to get me interested in the California oil proposition, which he had been working on.

Q And why was it that you felt a new company and a new contract would be necessary to get you interested?

A There were a number of reasons. One was that I did not like the character of the people who appeared to be involved in the Camden-Dayton Corporation.

Q Do you remember their names?

A I remember that the man by the name of Maggart, I was told he was a disbarred attorney. And not considered to be a responsible person.

Q Who else?

A A man by the name of Scott, who was represented as being a person that I probably would not enjoy an association with.

Q What were the other reasons, or were there any individuals, in addition to other reasons?

A Well, yes. The first thing is I am not stupid enough to put up \$300,000 when it just gives me an option of putting up an additional 600,000 if the other parties don't come up with it.

Q Were any of your reasons based upon the fact that you didn't think there was a firm enough contract with Orange County?

A No, sir. It was just a crowd of people we did not want to get interested with.

Q But you would have been interested had there been a new contract or a new company?

A Possibly. I didn't say that I would. I say possibly I could have been. I later became interested in one, after there was a new contract.

Q Now, did you get the idea from this opinion that a contract obtained from Orange County by a company of which you had control would be a more desirable way to proceed?

A Why, I have always had that opinion. I didn't get it from that opinion.

Q Did the opinion that you received make that

recommendation to you?

A I don't think it did, no, sir.

Q Did the opinion make any recommendations as to how you could obtain a contract from Orange County?

A No, sir. None whatsoever.

Q Did the opinion go into any of the procedures necessary, such as the County Counsel giving opinions to the Board of Supervisors?

A No, sir.

Q You are quite sure?

A Well, I am reasonably sure. I haven't read the darned thing --

Q Well, this is extremely relevant to our inquiry, and another of our reasons why we would like very much to have the opportunity of examining this opinion.

Was this opinion the basis for your future action in this case, Mr. West?

A No, sir.

Q How long after you got the opinion did you get the idea of getting a contract for yourself with a company you controlled?

A I never had the idea of getting a contract for myself.

Q Well, through a company you controlled?

A I never had that idea, sir.

Q But in March, 1956, that is what you did, isn't it?

A No, sir.

Q What did you do in March, 1956?

A I purchased some stock from Doctor Hampton Robinson.

Q In a company that already had a contract with Orange County?

A Yes, sir.

Q How had that contract been obtained? Did you have information furnished on that from your attorney?

A I did not know, except that I presumed and I still do, that it was obtained in the usual course business.

Q Well, did you get any opinion from your counsel before you purchased the stock from Doctor Robinson?

A My counsel was present when I purchased the stock.

Q Had he examined the transaction before?

A We discussed it in my office in the presence of Doctor Robinson, Mr. Earl Hightower, Jack Adoue, and myself.

Q Well, it was six months from the time you received the opinion in October, 1955, until you bought the stock from Doctor Robinson in March of 1956.

What period of time elapsed after October, 1955, before you started the negotiations with Doctor Robinson?

A The entire period.

Q So immediately after you received the opinion from Mr. Adoue in October, 1955, you started negotiations --

A No, sir. I said the entire period elapsed before I had any negotiations.

Q I thought you said you occupied the entire period with these negotiations?

A No, sir. I did not say that.

Q How long did the negotiations take?

A Less than a day.

Q Less than a day?

A Less than a day.

Q Your counsel investigated the whole thing and you made your decision in less than a day?

A That is correct, sir.

Q Well, that bears out the rapidity with which some people feel that matters are accomplished in Texas, at least.

A We try to do them very expeditiously.

Q Yes. Now, why did you feel that this had to be a new company rather than in the Camden-Dayton Company?

A Sir, I thought I just answered that question. I told you there were a couple of people in the Camden-Dayton

Corporation I just didn't want to be involved with.

Q How were you able to make an investigation of the people in American Marine Exploration Company in less than a day?

A As far as I know, there were only two people involved in it, and that was H. C. Cockburn and Doctor Hampton Robinson. And I had had previous dealings with Mr. Cockburn. I knew Doctor Robinson casually, but I knew a lot about him, that he was a man of integrity and of great resources.

Q You were quite satisfied that these were people you would like to be associated with?

A Yes, sir.

Q When did you buy the mortgage on Mr. Ogle's house?

A I will tell you that. I don't know the exact date. I will tell you that-- it was shortly after he had his heart attack.

Q Well, approximately how long after these negotiations? Can you tie it in to March of 1956?

A No, sir. It was after -- I think Mr. Ogle had his heart attack in 1957. I did not buy that mortgage until after he had his heart attack.

Q Well, what was the status of your contract with Orange County at that time?

A The same as it had been.

Q What was that?

A The same as it is now.

Q Well, was the contract signed and executed by the Board of Supervisors prior to the date you bought Mr. Ogle's mortgage on Mr. Ogle's house?

A Oh, possibly a year before; year and a half.

Q A year and a half before?

A I told you, I will give you the exact date.

Q All right. How many other pieces of residential real estate in Orange County did you buy mortgages on, Mr. West?

A None.

Q That is the only one?

A That is the only one.

Q Was this a first mortgage or a second mortgage?

A It was a second or possibly a third mortgage.

I am not even sure which it was, but it was -- Ogle had said that he would make it a first mortgage if I would buy it.

Q But it might have been a third when you bought it?

A Second or third, yes, sir. It might have been either one.

Q How was he going to turn it into a first?

A By paying off the first mortgage.

Q What was he going to use for that, for funds to do that?

A He said his savings account.

Q He was going to pay off two more in order to give you a first?

A I wouldn't say two more. I said it could have been a second maybe a third.

Q He was going to pay off at least one more?

A He was going to pay off a total of \$3000.

Q How much was the mortgage you purchased?

A It was for \$15,000, I believe.

Q This was a new mortgage?

A No, sir. It was not a new mortgage.

Q It was an existing mortgage?

A It was an existing mortgage.

Q It was either a second or third?

A It was a second mortgage, I am fairly certain now. I believe possible at one time it had been a third mortgage.

Q Did your counsel give you an opinion as to the desirability of this investment?

A No, sir. I didn't ask him. My counsel told me that I should be very careful about dealing with Mr. Ogle inasmuch as I had an interest with the Orange County, I mean, with a company which had a contract with the County Supervisors, or County of Orange.

Q Did he give you a written opinion to that effect?

A No, sir.

Q Why didn't you follow this advice?

A Because Mr. Ogle had been sick with a heart attack, and I had worked with him a good while. I was eager to help him in any way that I could. And he explained to me that all he wanted to do, he felt his mortgage was in the hands of a bunch of sharpies --

Q Who were these people?

A Well, some fellow that I bought the mortgage from.

Q Was it a bank or trust company?

A I don't know. It was an individual.

Q How had you worked with him in a longer period of time?

A By working on the County's lawsuit in connection with this tidelands matter.

Q When did you first meet him?

A I met him -- gee, you fellows must have short memories. I met him as I told you, right after I came to California.

Q Well, Mr. West, I hadn't planned to go into this, but this brings up another point. You pointed out the excessive financial burden it is for you to be here and testify here today.

A No, sir, there is no excessive financial burden to me. I simply said I had leaned over backwards and

spent a lot of money trying to comply.

Q Well, I think a lot of the members of this Committee have probably found it some expense to be here today and give up their own pursuits and lawsuits which they had in other parts of the State, and I was not able to attend all of the hearings in Los Angeles --

A I missed you, yes, sir.

Q And I came today at some expense because it seemed to me what we heard in Los Angeles was serious enough to require our attention here.

A Obviously, and I certainly want to clarify it and get the record straight if I can help you in that respect.

Q All right. Did you have any other reason that you wanted to help Mr. Ogle because of this misfortune that he had had to his health to purchase this mortgage?

A None whatsoever.

Q What interest rate are you charging Mr. Ogle?

A Three percent.

Q And what was the interest rate on the mortgage you purchased?

A I believe it was five. Possible five and a half.

Q Five and half percent? So you are taking a two and half percent interest loss that way?

A No loss. No, sir. I am just getting a three

percent return.

Q Well, does the mortgage have the same pay-out time that it had when you purchased it?

A That I am not sure of. I think so. I think it is a 15 year mortgage.

Q But it has two percent lower interest rate, even though it is the same length of time that it is to be paid out?

A That is correct.

Q Well, I would say you are taking a little loss then.

A No, I am not taking a loss. I have borrowed money at three percent. Why should I --

Q You purchased a mortgage that had a five and a half percent interest rate, and you are charging three percent?

A That is correct. I told him that I would be glad to do that. I also told him, you see, there was only \$12,500 paid for a \$15,000 mortgage. Mr. Ogle offered me the opportunity of taking, of having the \$2500 difference. And I refused to accept it. I told him that all I wanted to do was help him out. If I could help him out, I was delighted to do it, and that we would get --

Q Now, you made the statement also a little earlier here --

A He bought his mortgage at a discount. That is what it amounts to.

Q He bought his at a discount?

A The mortgage was purchased at a discount.

Q And these were sharpies you described that he was dealing with?

A He described them that way.

Q I see. You made the statement --

A I am not sure I made that statement correct. I want to be sure I am making a correct statement.

Q You are not going to put in another affidavit correcting all this testimony?

A I am if I think it is necessary, sir.

Q If it is necessary?

A I say, if I think it is necessary to clarify the record, I am going to do it.

Q I hope it won't be received.

Why did you say you would be glad to loan Mr. Ogle money again any time, just a few minutes ago?

A Because I think he has been abused and harassed and treated about as poorly as any man I have ever seen.

Q And that is a basis --

A I think he is a fine public servant, and dedicated to Orange County and the recovery of the tide-lands, and as far as I am concerned, his only crime is

that he wont' take orders from these oil companies.

Q Has he cooperated with you?

A Yes, sir, always first looking after the county's interest.

Q Have you ever had any occasion to give him any instructions in connection with the prosecution of these suits?

A I don't give instructions, sir. We work together.

Q You have made suggestions which he has adopted?

A Yes. And I have made suggestions which he has turned down.

Q How much has Mr. Ogle paid on this mortgage since you bought it?

A Mr. Ogle hasn't paid anything. Unless, I guess it is coming out of joint funds, but Mrs. Ogle has paid a monthly payment at least on the due date every month since I have had it.

Q Well, interest and principal?

A Yes, sir.

Q What is the amount of the mortgage now?

A Well, the amount of -- I don't know exactly. The amount of the mortgage has been, it was a \$75 per month payment and I have had it since the date I purchased it. I believe that, well, the original amount

was \$15000, it was 12,500 when I purchased it. And that is -- it has been reduced by whatever the amount of the monthly payments have been.

Q You say Mrs. Ogle had paid it? Did she sign the check?

A Yes, sir.

Q Do you know the source of the funds?

A No, sir.

Q Any of the checks ever signed by Mr. Ogle in payment of the mortgage?

A No, sir. Not a one.

Q Have you loaned Mr. Ogle any other sums of money?

A No, sir. But I would be happy to.

Q Have you made any gifts to Mr. Ogle?

A No, sir. Well, what do you mean, gifts? I sent him a Christmas present.

Q Well, in addition to the favorable terms on which this mortgage was granted, have you made any gifts. I think the question is comparatively clear.

A Well, now, from your standpoint, yes, I have made a couple of gifts to him.

Q I don't think we are involved in any double standard here, Mr. West.

A Well, certainly I am not.

Q I think we all understand the term gifts. What

gifts have you made to him, by your standard or by mine?

A I sent him a rifle for Christmas, and I gave him a watch because I like him, and I thought he ought to wear the watch because it had a nice message on it.

Q And all of these things took place while you were still in negotiations and under contract with the County?

A No, sir. I was in no negotiations with the County.

Q Weren't these suits proceeding with you making suggestions and Mr. Ogle going along with them on occasion?

A That was part of our obligation. We were not negotiating anything.

Q You were all working together on these?

A We were working together on them. I have formed a very high opinion of Mr. Ogle. I respect his judgment and his dedication to the County.

ASSEMBLYMAN WEINBERGER: I think that is evident. All right, Mr. Chairman. That is all I have.

CHAIRMAN ALLEN: Mr. Burton?

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q At whose request did you buy this first or

second mortgage?

A I think it was voluntarily on my part, that Mr. Ogle had told me following his heart attack that he was just concerned about his kids having a roof over their head, and that he was afraid, and that is why I wanted to correct my statement a minute ago, I am not sure that he said the mortgage was in the hands of sharpies. I think he said he was afraid it might fall into the hands of some sharpies. And he said, "I would feel very comfortable if I knew that it was in some safe hands." He said, "Where somebody wouldn't take advantage of an unfortunate situation."

Q Approximately how long after this conversation did you pick up this mortgage?

A Possibly six weeks, two months.

Q Is the mortgage recorded?

A I am not certain, sir. It is recordable. I know that. I am not certain whether it is recorded or not.

Q As I understood it, there was a \$15,000 mortgage --

A That mortgage is recorded. Well, there was a first mortgage, I think, ahead of this mortgage and I presume they were both recorded at the time. I don't know whether I have recorded the assignment to me or not.

Q As I understand it, and will you correct me if I am wrong, Mr. Ogle had the second mortgage transferred into his name, and then assigned it over to you?

A No, sir. It was assigned directly to me from the party that the check was made to.

Q Do you recall, was that the first of this year?

A No, sir. That was shortly after, oh, I would say shortly after he was able to have visitors following his heart attack.

Q About what period of time?

A What period of time following his heart attack, you mean?

Q Yes. About what period of time did this transaction take place? About a year ago?

A About 8 or 9 months ago. Or maybe a year ago, yes.

CHAIRMAN ALLEN: Now, let's take a recess now for 10 minutes.

(Recess taken at approximately 3:00 o'clock P.M.)

(Testimony continued to Volume III)

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BUENA PARK, CALIFORNIA, WEDNESDAY, OCTOBER 1, 1958, 3:10 P.M.

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CHAIRMAN ALLEN: The meeting will come to order. Let the record show there is a quorum present.

Mr. Burton, you have a few questions?

ASSEMBLYMAN BURTON: Yes.

EXAMINATION (Continuing)

BY ASSEMBLYMAN BURTON:

Q Mr. West, do you recall the type of rifle that you gave Mr. Ogle for a Christmas present?

A A Weatherby rifle.

Q What Christmas was that, the last Christmas, 1957?

A I believe so.

Q What is the approximate cost of that kind of a rifle?

A Oh, I couldn't tell you. Maybe seven, \$800.

Q What kind of a watch did you give him, do you recall?

A Yes, sir. I gave him a watch just like this one.

Q What kind is that?

A It is a Patek Phillipe.

CHAIRMAN ALLEN: Would you spell it for the record?

THE WITNESS: Well, I don't know how to spell it, sir. I just barely know how to pronounce it. It is P-a-t-e-k, is the first word. And I think it is P-h-i-l-l-i-p-e.

Q BY ASSEMBLYMAN BURTON: Is it a watch manufactured in France or Switzerland?

A I believe it is a Swiss watch.

Q What is the sales price of such a watch?

A I don't know. The watches vary a good deal. The sales price is unimportant. There is a pretty important message that I have put on the watch that I have given to lots of friends.

Q What does the watch cost?

A I couldn't tell you without going to the records.

Q Approximately?

A Somewhere around six or \$700, I would say.

Q Would you like to tell the Committee what message is contained on the watch?

A Yes. It was the religion that I learned from my mother. It says, "Do unto others as you would have them do unto you."

Q Did you have occasion to give Christmas presents to any other public officials here in this County?

A I don't believe so. In this County, I am certain that I did not, no, sir.

Q Do you have any recollection as to the market value of Ogle's home at the time you purchased this second mortgage?

A Oh, I would say it is worht -- I didn't get any

appraisal of it, if that is what you mean. But I have been in the lumber business for a number of years and I know a little something about values in Texas. I would think your cost here would be somewhat higher, but in Texas I would say it is about a \$25,000 house.

Q What amount was due and owing on the first mortgage at the time you agreed to take the second, approximately?

A \$3000 I think.

Q Did it occur to you that in view of your dealings with the County of Orange, and in view of Mr. Ogle's capacity as County Counsel, that making available funds to him that would enable him to get a \$2500 discount might subject you or Mr. Ogle, or perhaps both of you, to some criticism?

A I think my attorney advised me that it might be so interpreted, yes, sir. I also told him that I didn't particularly give a damn; that I was interersted in helping the man.

Q Who suggested that the interest payments be reduced from 5 or 5 1/2 percent, which is my understanding of what the secondmortgage called for prior to your purchasing it, and the 3 percent that you were charging.

A I did

Q Why did you suggest the reduction in interest?

A I thought it was too high. I wasn't trying to make money out of the transaction. I was trying to render a service and help the man.

Q Approximately when did you give Mr. Ogle this watch?

A That would be a guess, but I would say it was about a year or a year and a half ago.

Q Did you have any intention to influence Mr. Ogle's judgment in his official capacity as County Counsel in giving him these presents?

A Well, not at all, except that I thought possibly the Golden Rule wouldn't hurt anybody. And if they could just learn to live by it, it would be a pretty good deal.

ASSEMBLYMAN BURTON: That is all.

CHAIRMAN ALLEN: Mr. O'Connell

EXAMINATION

BY ASSEMBLYMAN O'CONNELL:

Q Mr. West, Mr. Ogle, during the time that he has been County Counsel of Orange, has also been in private practice for himself in the County, has he not?

A That has been my understanding. I have never had any knowledge of it except what I have learned through, I believe, Mr. Fred Forgy, and possibly I have heard Joel comment on it, too.

Q Have you ever retained Mr. Ogle's services?

A Not in any way whatsoever, directly or indirectly.

Q Has the American Marine Corporation --

A Not in any way at all, directly or indirectly,
so far as I know and I think I would know if they had.

Q Do you know any of his private clients?

A Not a one.

ASSEMBLYMAN O'CONNELL: Thank you.

CHAIRMAN ALLEN: Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q Where did you consummate the transaction of
the sale of the mortgage?

A I haven't sold it. Oh, you mean when I pur-
chased it?

Q Yes, when you purchased it.

A I sent the check to Joel, made out to the man
that I purchased it from, and I have just heard his name
and I still don't recall it.

Q Did you get a trust deed, or some other --

A Yes, sir.

Q And was that transferred from his name to your
name?

A Yes, sir.

Q Where was that done?

A I think it was mailed to me.

Q Did you personally appear before a notary to have that done?

A No, sir.

Q You didn't?

A No, I didn't. I don't think I did.

Q And so just Mr. Ogle appeared and had it done and transferred to your name, is that right?

A That is correct, yes.

Q And you were not present?

A No, sir, I was not present.

CHAIRMAN ALLEN: Mr. Burton?

FURTHER EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Who keeps your records on the payments being made on this mortgage?

A My secretary

Q In Houston?

A Yes, sir.

Q Have you ever seen the books that relate to this particular transaction and the entries in the book?

A There are no entries. I have a balance sheet that I keep in my file with all of the papers on it. My secretary gets the checks, and I endorse them, she credits it on the payment sheet.

Q Can you make available to this Committee the

balance sheet?

A Well, yes. I can have it for you by -- if I can get someone in my office, I can possibly get it out here, I don't know if I could get it before tomorrow afternoon or not. If I could get it mailed out of Houston tonight, I can possibly have it here, possibly have it available, I don't believe it would get here before tomorrow afternoon.

Q May I ask this question: Does your secretary, when she makes the notations of payments, note in any way the bank on which the checks are drawn?

A No, sir.

Q Do you have any recollection as to what bank Mrs. Ogles had drawn these checks?

A I do not at all. She might, but I don't have any.

CHAIRMAN ALLEN: Mr. O'Connell.

FURTHER EXAMINATION

BY ASSEMBLYMAN O'CONNELL:

Q Other than the transaction involving the mortgage on Mr. Ogle's home, have you had any other business dealings with either Mr. or Mrs. Ogle?

A None whatsoever.

Q Which do not relate to the problems of the American Marine Company?

A None whatsoever, sir.

Q Have you ever employed Mrs. Ogle?

A Not in any capacity at any time. No, sir.

Q And the answer would be the same as to the American Marine Company so far as you know?

A That is correct.

Q Have you ever made any gifts to Mrs. Ogle?

A None whatsoever.

ASSEMBLYMAN O'CONNELL: Thank you, sir.

CHAIRMAN ALLEN: Mr. Hanna

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Is it your testimony that the reduction in the interest rate was about 2 1/2 per cent?

A Two to 2 1/2. It could have been five, it could have been 5 1/2. I don't recall.

Q And it was on a 15 year loan, is that right?

A I believe that is correct, yes, sir.

Q There had not been any check so far as you know as to whether that mortgage was a recorded mortgage when you purchased it, or when --

A Yes, I am sure it was recorded when I purchased it. I say I am sure of it, I am reasonably sure.

Q That the mortgage that was being paid off was a recorded mortgage?

A Yes, sir.

Q But the one that you are not sure of, whether it has been recorded, is the new mortgage?

A It is just an assignment of that mortgage to me. That is all it is.

Q And you have an assignment together with the old trust deed?

A Yes, sir.

ASSEMBLYMAN HANNA: I see. Thank you very much.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. West, in connection with this mortgage, was this transaction in 1958 or 1957?

A I can't give you the exact date. I believe possibly it might have been this year. But I think it was following -- it could have been this year. I think it was last year. But it could have been this year.

Q Did you get an agreement or a written document signed by Mr. and Mrs. Ogle in connection with this mortgage transaction?

A I have never looked at it. My attorney passed on it, and I did not look at the signatures. He thought it was in order, and I never bothered about it from that point on.

Q Did you get an agreement?

A Well, I say an agreement. I got an assignment from the old owner. I don't know whether I have anything

directly from them.

Q Will you get your papers on this mortgage?

A Yes, sir. I will get them for you.

Q And bring them all in, whatever they are?

A Be very delighted to get them for you, sir. I say this to you: Would you accept photostats on those?

Q Oh, yes, certainly.

A Fine.

Q Now, if I understand this correctly, the time you purchased this mortgage the balance of principal owing on it was 15,000?

A I believe that is correct. It might have been 15,000 plus, or maybe 14,900 and something, or something of that kind. But it is approximately \$15,000.

Q And you paid for it, \$12,500 cash?

A That is correct.

Q In other words, you bought it at a discount?

A Yes, sir.

Q And Mr. and Mrs. Ogle are paying you at the present time payments on account of \$12,500?

A That is correct. I passed the saving right on to them. Whatever I bought it for, I passed on to them. Gave them credit on the back of the note for it.

Q Now, you mentioned a gift of a rifle and a watch to Mr. Ogle.

A Yes, sir. Would you like to know about the

radio that Mr. Ogle gave me?

Q Pardon?

A Would you like to know about the radio that Mr. Ogle gave me? -

Q Yes, yes. Tell us about it.

A He gave me a very wonderful little Zenith radio, the transistor type, that I have enjoyed very much.

Q Did you deduct the cost of these two gifts, the rifle and the watch, on your personal income tax?

A I did not sir. No part of them.

Q Have you given any gifts of any kind to any other employees of Orange County?

A Yes, sir.

Q Who?

A I gave, I believe, a cigarette lighter to Cap Tamura.

Q Would you spell that last name?

A T-a-m-u-r-a, I believe it is.

Q Who is he?

A He is in the County Counsel's Office in Orange County, and has done quite a bit of work in connection with the tidelands.

Q What was the cost of the cigarette lighter?

A Oh, I don't know. It may have been somewhere between 150 and \$250.

Q When was that gift made to Mr. Tamura?

A Oh, again I would have to guess. It was a year to a year and a half ago.

Q Have you made any other gifts to any employees or public officials of the State of California?

A No, sir, I don't believe so.

Q Or of any cities in Orange County?

A No, sir.

Q Now, this Shalowitz --

A Well, now, wait a minute. I may have, too. I gave Mr. Forgy a watch and he is, probably, employed by the County now in connection with this suit. And I gave his son one. And I think his son works for them.

Q This Mr. Shalowitz is Aaron Shalowitz?

A I wouldn't know that, sir.

Q Employed in the United States Coast and Geodetic Survey in Washington, D. C.?

A That I would not know.

Q You do know that he has been a map expert for many years?

A No, sir. I do not know that.

Q Did you ever discuss Mr. Shalowitz, not only with Senator Johnson of Texas, but any assistants of Senator Johnson?

A I do not recall ever having discussed it with them.

Q Did you ever ask anybody associated with you

in any capacity to discuss the subject of Mr. Shalowitz with either Senator Johnson or any of his assistants?

A Not specifically, no, sir.

Q Well, tell us just what did happen. What is your understanding?

A I told you what happened. I said not specifically.

Q Well, generally, tell us what happened.

A Generally?

Q Yes.

A Well, generally, we have done a lot of work in Washington in connection with the public records in searching out information pertinent to the tidelands case in Orange County. I have had people, several people there, I believe. I know I have had Mr. Skipwith there for quite a spell on probably several occasions. I think Mr. Skipwith has contacted Mr. Shalowitz along with a lot of other people.

Q Mr. West, I don't want to banter with you about this.

A I hope you don't, sir.

Q We know that Mr. Shalowitz is a map expert, that he worked on the Federal case.

A I don't think that is information that I tried to conceal.

Q Well, just a minute. All right, just a minute, now. We know that he is an expert, that he worked in the

Federal controversy with the State of California in relation to the coast line here.

A I have understood that, sir.

Q He is a very famous map expert. He is an officer, employee of the U. S. Coast and Geodetic Survey in Washington, D. C., and he was assigned the task --

A He was what?

Q Assigned the task of making a report on the Orange County tidelands at the request of somebody in Senator Johnson's office. You know that, don't you?

A Yes.

Q All right. Now, would you tell us how Mr. Shalowitz happened to be told to do this work?

A That I don't know. I didn't talk to Mr. Shalowitz.

Q Do you know who talked to somebody in Senator Johnson's office about this?

A Yes.

Q Who?

A Mr. Skipwith.

Q All right. And who is Mr. Skipwith?

A He is an individual, a fine individual, a good attorney, a nice boy, the father of two children, married to a nice lady.

Q Is he employed by you?

A Yes, sir.

Q -- or American Marine?

A He is employed by me.

CHAIRMAN ALLEN: Any other questions? Mr. Sumner.

FURTHER EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q Well, I would like to know the circumstances, if you know, under which Mr. Skipwith went back to Washington?

A Mr. Skipwith would go to Washington, or any other place, as well as a number of other people in my organization, to get pertinent data on the Orange County tidelands.

Q Did you suggest that he go to Senator Johnson's office?

A I could have.

Q Did you discuss it with him?

A Possibly I did. I am not entirely certain.

Q Well, what do you think possibly you might have said regarding that?

A Well, I think I might have said get in touch with Albert Thomas or Senator Lynden Johnson, or anyone else up there that is a public official who has constituents in this part of the country, if you need help.

Q And who is Albert Thomas?

A Albert Thomas is a Congressman from Houston: from Harris County, Texas.

Q Are you personally acquainted with Senator Johnson?

A Oh, we have been friends and our families have been friends for nearly 20 years.

Q Do you know what action, if any, Senator Johnson's office took?

A Specifically, I do not. But I know this: That I have never asked Senator Johnson, or anyone in his office, and neither has anyone in my organization ever asked him, or anybody in his organization, for anything that we wouldn't ask any public official for, and which would not be directly in the line of duty for them to respond to.

Q All right. Then do you know what was asked by Senator Johnson's office?

A What was asked by Senator Johnson's office?

Q Yes. In other words, what did Senator Johnson's office do?

A I am sure that they helped Mr. Skipwith.

Q By contacting the map man and the Geodetic Survey Service?

A I think possibly that is correct, but I think that they -- it is just a matter of getting an introduction. There are some places in Washington, I understand, where in order to see public records, if they have been stored in the archives, you have to have some sort of

a pass or introduction before you are permitted to get in. And I presume that Mr. Skipwith called on some of these people for that purpose.

Q You mean on Senator Johnson's Office?

A Could have been. He could have called on a number of other people. I have quite a few friends up there, and I think he may have called on any of them.

Q And they in turn agreed to do what they could to find out about the Orange County tidelands?

A Well, I am sure they would. I am sure any responsible public official would. I can't give you the details of that.

Now, I would like to stop and ask you this, too. What is the pertinency of this question with respect to the tidelands investigation?

Q Well, we are just inquiring into the practices concerning the leasing and also the negotiations --

A Well, contacts that either I or my organization may have had with Senator Johnson's office did not involve any of that.

CHAIRMAN ALLEN: Well, let me, for the record, state how this ties in with our inquiry, Mr. West, because I think you are entitled to know --

THE WITNESS: I am entitled to know.

CHAIRMAN ALLEN: -- why we are asking about Mr. Shalowitz and Senator Johnson.

We want to know what has happened in relation to the title to the tidelands along the Orange County coast. If the Federal Government has assigned a federal officer to do some work on this subject in assistance of your side of the litigation, we want to know about it. And it is material to our inquiry. We would like to have you answer these questions.

THE WITNESS: Well, I will be glad to do it, provided you are not asking me something about the evidence in our case. Now, we started off by telling you we are not going to try our lawsuit before this Committee.

CHAIRMAN ALLEN: We don't expect you to.

THE WITNESS: Well, I hope you will bear that in mind because I have seen some things attributed to this Committee, particularly to you, sir, that I think indicate otherwise.

ASSEMBLYMAN WEINBERGER: Mr. Chairman, after the testimony we have heard from this gentleman today, I am not prepared to sit here and listen to any criticism of you from him.

FURTHER EXAMINATION

BY ASSEMBLYMAN WEINBERGER:

Q I would like to know whether or not you had any gifts given to Senator Johnson?

A Any gifts given to Senator Johnson?

Q Yes.

A Senator Johnson's and my family, and I and his family, have always exchanged gifts for the last 20 years.

Q What were the value of the gifts you gave, sir?

A God knows what the value of them was.

Q Well, were they watches? Watches with this touching allusion to the Golden Rule on them?

A I am certain that he has one of them, but I will say this to you now. In the face of your line of questioning at this moment. I don't think I will answer any more questions.

Well, that is a very safe retort after all you have told us so far. I think you have a great deal more to answer, and I think if you are going to take refuge in that, you are not only a little late, but condemning something that this Committee --

A I am not condemning anyone. I have simply observed the treatment this committee gave to Mr. Ogle, and I am not going to be a part to any of it.

Q Mr. Ogle has never yet appeared before this Committee.

A No, he hasn't. But I think he should have had an opportunity to.

Q No, if we can get back to the gifts to Senator Johnson --

A I said I am not going to answer any more questions about Senator Johnson.

ASSEMBLYMAN BURTON: Mr. Chairman, I think it is relevant that this Committee ascertain what the Federal Government is doing with reference to our tidelands. I do not personally concede there is any relevance as to this man's relationship to Senator Johnson.

THE WITNESS: It is purely a personal relationship, and I don't think it has anything to do with this Committee.

ASSEMBLYMAN WEINBERGER: If there were gifts given to Senator Johnson in return for favors from his office that affect the tidelands --

THE WITNESS: There were no gifts that affect the tidelands, let me make that clear to you.

CHAIRMAN ALLEN: Just a minute. Let Mr. Weinberger finish.

ASSEMBLYMAN WEINBERGER: If there were gifts given to Senator Johnson and his office staff in return for favors from you and your employees that affect the tidelands of Orange Count, California, I can't think of anything more relevant for this Committee, and we have to be the judge of what is relevant.

THE WITNESS: All right. Now, you asked a question and I want to answer it this way: There have been no gifts made to Senator Johnson or any members of his office

or staff for the purpose of getting favors from his office with respect to this or anything else.

ASSEMBLYMAN WEINBERGER: Well, the purpose of a gift is something that someone else has to go into.

THE WITNESS: No.

ASSEMBLYMAN WEINBERGER: The question that I asked was whether there were any gifts given, and I understood you to answer "yes," whereupon you then declined to answer any further questions.

THE WITNESS: I did decline to answer any further questions because I don't consider them pertinent. They are not related to this investigation. Senator Johnson has no interest in the tidelands or the American Marine, either directly or indirectly. He has never had, no member of his family has ever had, and I don't expect them ever to have.

ASSEMBLYMAN WEINBERGER: And you still decline to answer what were the gifts you gave him?

THE WITNESS: I think they are purely personal gifts. They are things, which -- we have been personal friends for many years, our families have exchanged gifts, my kids have given his kids gifts, they have never been for the purpose of influencing any legislation. They have never been for any purpose any different than any other Christmas present that I would give to any other person or friend I might know.

EXAMINATION (continuing)

BY ASSEMBLYMAN WEINBERGER:

Q This practice of giving gifts has continued after he has been in Washington and during this time you sought information from his office?

A I do not think so. I do not think there have been any gifts made.

Q Since he has been in Washington?

A Since he has -- well, at least since I have tried to make -- my office has tried to make any contacts with him.

Q You stopped giving him gifts?

A I have not stopped giving him gifts.

Q Well, then you are still giving them to him.

A No. I will always give him gifts if I want to give them to him, sir. They do not pertain to this Committee and I do not intend to be browbeaten about my friends.

CHAIRMAN ALLEN: Mr. Burton

ASSEMBLYMAN BURTON: I am not sure of the point Mr. Weinberger is trying to establish. The witness stated he has known Senator Johnson for a number of years and on occasion sent Johnson Christmas gifts. If we want the witness to be queried about any and all gifts he has given to all people of any sort without regard to relevance, we will be here all this week and next. I

submit if the Federal Government has sent someone out to California to review this tidelands question, it is the Executive and not the Legislative Department that has people on their staff performing such a function. And Senator Johnson is in the Legislative branch of government, not the Executive.

I just can't conceive of how pursuing this matter has any great relevance at all. We are here to pin down the facts with reference to Orange County, and I think we would be a lot more successful in that regard if we don't get afield and get into matters that might turn this impartial inquiry into something other than that.

CHAIRMAN ALLEN: All right, let's slow down a minute now. Mr. Weinberger has asked a question. Mr. West objects to answering it on the ground it is not material, and Mr. Burton --

THE WITNESS: I say it is prying into my personal affairs, sir.

CHAIRMAN ALLEN: Just a minute, now. Mr. Burton upholds Mr. West. We will take the objection and the question under submission. Let's get onto something else at the moment.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Now, Mr. West, did you get a report or anybody

in your organization get a report, from Mr. Shalowitz on this subject of this Orange County coast line?

A I believe perhaps Mr. Skipwith did.

Q Did you see the report?

A I don't know whether I have seen it or not.

CHAIRMAN ALLEN: Are there any further questions at this time of Mr. West? All right, thank you. We will ask you to remain with the Committee. There may be more questions tomorrow, and the objection that was just raised we will rule on.

THE WITNESS: I will be present, sir.

CHAIRMAN ALLEN: Now, just a minute. Mr. Cook has a question.

MR. COOK: I just have a couple.

THE WITNESS: All right, sir.

EXAMINATION

BY MR. COOK:

Q Mr. West, I would like to ask you about the American Marine Company, or American Marine Exploration Co., Inc., and its present financial condition.

A Yes, sir.

Q Would you state to the Committee what the present financial status of the American Marine Exploration Co., Inc. is?

A Well, I don't know exactly. The books are kept at home. I would say that we had, as of last night, some

five or \$6000 in cash in the bank.

Q Do you have any promissory notes outstanding to any persons?

A Oh, yes, sir. We have quite a few.

Q To whom?

A Some are payable to Mr. Cockburn and some are payable to me.

Q And does the amount of the promissory notes exceed the amount of assets that the corporation holds?

A Well, that is difficult to say, sir. That depends on the value of the contract.

Q All right. Does the total amount represented by these promissory notes exceed the amount of cash that the American Marine --

A Oh, very definitely, sir.

Q American Marine Exploration Co., Inc., has in its possession?

A Very definitely, sir. I might add, though, --

Q By about how much would you say, sir?

A Well, I might say about 20 or 30 times. Something of that sort.

Q Were you going to add something, Mr. West?

A Yes. I might add that if American Marine needs some money, they will get it.

Q Mr. West, I would just like to ask you, what would be the position of American Marine at this time in

the event, say, you pulled out?

A What would be the position of it?

Q The financial status of American Marine Exploration Co., Inc.?

A I imagine they would be looking for an angel.

Q Would you say, Mr. West, if you left the company and no one in a similar position, financial position as you, replaced you, that the corporation might be considered insolvent?

A Under those circumstances that you have just outlined, I would say yes.

MR. COOK: I believe that is all. Thank you.

THE WITNESS: Thank you.

CHAIRMAN ALLEN: All right.

THE WITNESS: No further questions?

CHAIRMAN ALLEN: Not at this time. Thank you, Mr. West.

THE WITNESS: Yes, sir.

CHAIRMAN ALLEN: Is Mrs. Al Anderson present?

ELEANOR ANDERSON,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Would you sit closer to the microphone, please?

Thank you. Your name?

A Eleanor Anderson.

Q Your address, Mrs. Anderson?

A 600 East Bay Avenue, Balboa.

Q Your occupation?

A Well, my husband and I own and operate the
Fun Zone.

Q Fun Zone?

A Yes, Amusement Center.

Q At Balboa?

A Yes.

Q Could you just very briefly tell us what the
Fun Zone is?

A Well, it is an amusement center, recreation
center.

Q How long have you and your husband had this
business?

A We have lived in Balboa about 35 years, but we
have had this business 22 years.

Q Do you know a Mr. Rhae Foust?

A Yes.

Q When did you first meet Mr. Foust?

A Oh, I think it was in the late '20's or early
'30's.

Q And would it be a fair statement to say that you
have seen Mr. Foust off and on since that time?

A Oh, yes. Quite often.

Q Have you ever had a conversation with Mr. Foust relative to the tidelands along the Orange County coast line, and the oil business in relation to those tidelands?

A Yes, I have. Yes.

Q When was that conversation?

A Oh, it has probably been six or seven years ago.

Q Six or seven years ago would be around 1951?

A It would be about that, yes.

Q And where was that conversation?

A It was in our office in Balboa, at the Fun Zone.
In our office.

Q And who was present at this conversation?

A My husband.

Q And Mr. Foust and yourself?

A Yes.

Q Is that right?

A That's right.

Q And what was the conversation?

A He asked us -- first he asked us if we would like to invest in some oil well drilling tool.

Q Mr. Foust asked you that?

A Mr. Foust asked us. And we said we weren't interested. And then he wanted to know if we would like

to invest in the tidelands. He said he had the tidelands from Long Beach down to, well, San Clemente.

It was Ham Cotton's ranch. He said he had over 40 miles. And he said if we had 10 or \$20,000 to put in it, we could make a lot of money. And he said it would be a lot better than this chicken feed you are getting on the Fun Zone.

Q And did Mr. Foust tell you how he acquired this interest in the tidelands?

A No. We weren't interested, so we just told him we weren't interested.

Q You didn't take Mr. Foust up on that?

A No.

Q Did you have any further conversation at any later time with Mr. Foust on that general subject?

A Well, we asked him about how he acquired it, and how come he got into such a big deal, and he said he was working with the County Counsel.

Q Now, when was that conversation?

A At the same time.

Q All at the same time?

A That he wanted to buy this, wanted us to buy in.

Q All right. Go ahead. Was there any more of the conversation?

A Oh, I have talked to him a lot of times, different deals that he had. I don't think it was anything

else to this, though.

Q Well, in relation to the tidelands or oil?

A I don't believe so.

Q No more conversation on that subject?

A No. We told him we weren't interested.

Q Did you ever discuss with Mr. Foust in any way the American Marine contract?

A No. I don't think we ever did. I don't think I ever did.

Q And have you told us all that you can remember of this one conversation with Mr. Foust in regard to the tidelands?

A That's right.

CHAIRMAN ALLEN: Any questions?

ASSEMBLYMAN SUMNER: Yes.

CHAIRMAN ALLEN: Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q When you say that he said he was working with the County Counsel, what did he say he was doing with the County Counsel, that he was attempting to get a contract with the County?

A Well, it seemed to me that he had the contract, the way I thought he was talking. At least, that is the way I felt.

Q Did you understand what he was talking about?

A Well, he just said he had the oil, the tidelands from Long Beach to San Clemente; what he said was to Ham Cotton's ranch. He said he had over 40 miles.

Q I see. What did he say with reference to the County Counsel, though?

A Well, he just said he was working with the County Counsel. He didn't tell any name. He just said the County Counsel.

Q Did you get the impression from tthis that he meant that the County Counsel was in on the transaction, or that he was dealing with --

A Well, no, I thought he was working with him. I don't know what he meant. We weren't interested, so I didn't pay any more attention to it. We just told him we weren't interested.

Q So you didn't form any opinion as to whether the County Counsel was in on the transaction, or whether he was a person with whom he had been dealing?

A I don't know as I ever gave it another thought. I wasn't interested, and that was it.

CHAIRMAN ALLEN: Any other questions? Thank you, Mrs. Anderson.

Is Mr. Al Anderson present?

AL ANDERSON,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified

as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, sir?

A Al Anderson.

Q And Mrs. Anderson who just testified, I take it, is your wife?

A Yes, the only thing I know, the only conversation I had with him in regard to that was that one time.

Q That is Mr. Foust?

A With Mr. Foust, yes.

Q The Mrs. Anderson who just testified is your wife? Is that right?

A Yes.

Q All right. And you were present at the conversation just related to us by your wife regarding the Orange County coast line?

A Yes.

Q Would you tell us what you remember about the conversation?

A He had just returned from Mexico. I think it was in the last part of 1951.

Q Who is "he"?

A Rhae Foust.

Q All right.

A And he came by my office. I believe at that time he lived down on the point. And sat down at the telephone and we always tried to be very close to him because we didn't like the gentleman, and we would generally want to know what he was after. He was always looking for something. So he started talking about an oil tool that he had. He said he had just come from Tampico, and they were cleaning out oil wells in Tampico and they had an oil tool that would make a million dollars. And he needed some money to help promote it.

I said I wasn't interested, and he said, "It will make you a lot of money." And he sat there for about three minutes and said, "By the way, I have got a deal on all the tidelands between Long Beach and Ham Cotton's ranch. And if you have got from five to \$20,000 any place in there, I will make you more money than this Fun Zone ever made you." He said, "This will be small change, what you make here."

And I said, "Rhae, I haven't got the money and I am not interested."

Q Did Mr. Foust say anything at that time about what kind of a deal he had on the tidelands?

A The only thing he said in regard to that, he says, "I have got the County Counsel helping me with this deal." And I am used to hearing him say those things, and so I didn't pay any attention to it. At that time it

didn't interest me. I didn't know anything about it. I didn't know anything about the deal. I hadn't paid any attention.

Q Did Mr. Foust elaborate and explain the deal further in any way?

A He did not.

Q And you did not put any money into it, is that right?

A Nor in any other of his deals.

CHAIRMAN ALLEN: Any questions? Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q You say that you were watching, it is your practice to kind of keep you eye on Mr. Foust and what he was doing?

A Yes.

Q Out of what did this interest arise? What was Mr. Foust's --

CHAIRMAN ALLEN: Just a minute now.

(Discussion off the record by Committee)

Q BY MR. HANNA: Let me ask you this, then. Has Mr. Foust ever gotten any money out of you for any reason?

A No, he has not.

Q Did you know who the County Counsel was at the time he spoke to you that the County Counsel was working for him?

A I don't believe I did. I didn't pay any attention. That was his words, and I didn't pay any attention. It didn't interest me at the time. It didn't have any significance to me. I am always looking for something that had some connection with me because I didn't like the man.

Q It is true that you don't like Mr. Foust?

A Definitely. I do not like Mr. Foust.

CHAIRMAN ALLEN: Mr. Burton.

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q As I understand your testimony, sir, when Mr. Foust tried to interest you in this oil drilling equipment, you weren't interested because you didn't believe him to be a very credible gentleman?

A That is correct. I wanted nothing to do with anything he was connected with.

Q And I assume that that was also your reaction when he mentioned you investing in the tidelands area?

A That is right.

Q And that for the same reason you rejected this observation he had made about his relationship with the County Counsel?

A That's right.

ASSEMBLYMAN BURTON: That's all.

CHAIRMAN ALLEN: Any further questions? All right,

thank you, Mr. Anderson. You may be excused.

We will take a short recess.

(Short recess taken)

CHAIRMAN ALLEN: The meeting will come to order, please. There is a quorum present.

Mrs. Ogle? Is Mrs. Ogle here? Will you come forward, please?

SUZAN OGLE,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your full name, please?

A Suzan Ogle.

Q Where do you live, Mrs. Ogle?

A Santa Ana.

Q And you are married to Mr. Joel Ogle, the Orange County Counsel?

A Yes, I am.

Q Do you know a Mr. John Lipko?

A Yes, I do.

ASSEMBLYMAN BURTON: Mr. Chairman, before we proceed, I don't want to impede the progress of the hearings, but Mrs. Ogle, I am sure you have been advised that you do not have to testify as to any matters that might prove to be

harmful to your husband?

THE WITNESS: I have not been advised of that.

ASSEMBLYMAN BURTON: Well, it would be my understanding that that is your position that you would be entitled to take.

Q BY CHAIRMAN ALLEN: I believe I started to ask you if you know Mr. John Lipko?

A Yes, I have met him.

Q And would you tell us when and where?

A I believe the first time I met Mr. Lipko was at the Villa Marina restaurant in Newport Beach.

Q When?

A Oh, that would have been, probably, the end of-- toward the end of 1954, possibly; the early part of 1955.

Q And who else was present at the time?

A My husband, of course, and Mr. H. C. Cockburn, and Al Lambert. I believe Al Lambert was there. I can't say for sure. I remember the incident because Mr. Lipko threw a temper tantrum directed at Mr. Cockburn, which was -- which he did almost every time I saw him, at one person or another.

Q Was Mrs. Lipko present at this particular meeting?

A I don't believe she was. She may have been. I have met Mrs. Lipko.

Q Could you tell us, you mentioned this tantrum of Mr. Lipko's. Could you tell us what the conversation was on this occasion?

A Well, you couldn't call anything like that conversation. It was the ravings of a maniac, as far as I was concerned. He stood up and raved and ranted, and nobody could make heads or tails out of what he was talking about.

Q Were the people in this group you just named having dinner at the Villa Marina?

A Yes, we were.

Q Was this in the evening?

A Yes.

Q I see. When you went there yourself had you known in advance that these other people would be there, Mr. Lipko, Mr. Cockburn, or Mr. Lambert?

A I didn't know them by name, no. I had never met any of them before.

Q That is the first time you met any of those three people?

A I believe so.

Q Have you seen Mr. Lipko since then?

A I have seen the man in all about three or four times in my life, all during that period. Oh, I don't believe I ever saw him after the year 1955, until the last hearing.

Q And during the period from this first meeting at the Villa Marina until the end of approximately 1955, do I understand that you saw Mr. Lipko several times?

A Possibly two or three times.

Q All right. You described one meeting with Mr. Lipko at the Villa Marina. Would you tell us when and where you saw him on these other occasions?

A I remember one other business occasion and I believe two social, two or three social occasions. The business meeting was at the Los Angeles Athletic Club, and at that meeting there were my husband, myself, Mr. Lipko, and some gentlemen from, I believe, Arkansas; two or three gentlemen. And I seem to recollect another woman in the group. And I can't quite place her. It might have been the wife of one of the gentlemen from Arkansas. I don't recall.

We had dinner there that night.

Q Do you know the names of any of these men from Arkansas?

A No, I do not. And the only thing that I can remember about that evening is that Mr. Lipko went into one of his tirades again, this time against one of the gentlemen from Arkansas.

Q Which gentleman from Arkansas?

A I don't know the names of any of them. Never saw them since, never heard of them.

Q Was the man who had the argument with Mr. Lipko an attorney?

A I have no idea.

Q Was there any argument between your husband and any of the gentlemen from Arkansas?

A No.

Q Do you remember the subject of the conversation at the Los Angeles Athletic Club?

A I believe, I don't know for sure, they might have been discussing this scrip business, which I never understood fully, and therefore I couldn't tell you much about it because I just wouldn't know what I was talking about.

The reason that my husband went to this meeting was because he was trying to find out everything he could about any people who were connected with any dealings with the County, for the protection of Orange County.

Q Do you remember about when this meeting at the Athletic Club was?

A I would say early in 1955.

Q Do you remember what month?

A No, I do not.

Q Was it an evening meeting?

A I believe it was.

Q There was dinner then?

A We had dinner.

Q Did the group have dinner together?

Q Did the group have dinner together?

A Yes, we had dinner.

Q Do you remember who paid for the dinner?

A I don't think we did, but I really don't remember who did.

Q Do you remember a conversation at that meeting relative to a possible sale to the men from Arkansas of the Camden-Dayton contract?

A I couldn't say.

Q You don't remember any discussion at the time of that subject?

A No, I do not remember what the discussion was.

Q We just want to know what you remember of your own knowledge.

A I couldn't say.

Q No, you mentioned two or three social occasions at which you met Mr. Lipko. Would you tell us when and where these were, and who was present?

A Mr. and Mrs. Lipko came to visit us at our home once. I don't remember how long they stayed, or whether we went out to dinner. I don't remember anything else about that visit. I remember the visit because I took a picture of them in my living room. That is the only way I recall that.

And I remember one time when my husband and I visited them in their home. There was no one else present.

And they were purely social visits.

Q You have described four occasions at which you met Mr. Lipko. Do you remember any others?

A Yes. I remember one other occasion. I believe this was the only other one. Mr. and Mrs. Lipko and my husband and I had made plans to have dinner at the Biltmore Hotel in Los Angeles. We were seated at the table and Mr. Lipko got into an argument with Mrs. Lipko and stood up and screamed and ranted and raved and attracted the attention of the entire room, and finally stormed out. And we had planned to go to a show together, and as I remember, my husband and I went on alone to the show.

Q Did you have dinner at the Biltmore that evening?

A Yes, we did.

Q That is with Mr. and Mrs. Lipko and your husband?

A That's right. And I remember telling my husband after that evening that I would just as soon not make any other social dates with them because it was too upsetting.

Q Do you remember when that occasion was?

A No. All this took place within the same period of time.

Q Around 1954 and 1955?

A Well, it would be, probably, in 1955. But I

couldn't say any more closely than that.

Q Did you ever travel in the same plane with Mr. Lipko?

A No, I have not.

Q Have you ever been to Washington, D. C.?

A Yes, I have.

Q When?

A I was about 11 years old, and my father drove down with my brother and myself.

Q Let's make it more recently.

A No.

Q 1954, 1955, 1956?

A No, I have not.

Q When was the last time you were in Washington, D. C.?

A I believe I was about 11 years old.

Q And since then you have not been to Washington, D. C.?

A Not to the best of my knowledge.

Q Do you and your husband, or either one of you, have a safe deposit box?

A I do not, and I believe my husband does.

Q Where?

A I couldn't say.

Q Is it in Orange County?

A Yes, it is.

Q Do you know what town it is in?

A I believe it is in Santa Ana, but I couldn't say what bank. It is his separate box.

Q You don't have access to the box yourself?

A No, I do not.

Q Do you know Mr. Rhae Foust?

A Yes. I do know Mr. Rhae Foust.

Q And when did you first meet Mr. Foust?

A Shortly after my husband and I were married, which was the early part of 1954. Probably in the spring of 1954 when I met him.

Q Where did you meet Mr. Foust?

A I believe at his home first.

Q Rhae Foust?

A Rhae Foust. At that time they had a home on Bayshore Drive in Corona Del Mar.

Q Who else was present at that time?

A Mrs. Foust.

Q Did you ever go to Mr. Foust's home when either Mr. Lipko, Mr. Lambert, or Mr. Cockburn were present?

A I can say no definitely about Mr. Lipko, and I am almost positive I have never seen Mr. Cockburn or Mr. Lambert at Mr. Foust's home, although I may have. I know they know each other.

Q Has Mr. Foust been in your home?

A Definitely.

Q Approximately how many times?

A Our families know each other quite well socially, and I couldn't say how many times. His daughter happens to be one of my closest friends.

Q How about Mr. Lambert, C. E. Lambert, I think is the name?

A Well, I know him as Al. I imagine it is the same gentleman. I believe the first time I met him was the time I described to you at the Villa Marina. And I saw him, oh, I don't know, a couple of times after that I guess.

Q Where did you see Mr. Lambert on these other occasions?

A Mr. Lambert and Mr. Cockburn have been at my home.

Q Have you met them elsewhere?

A I may have. I don't remember.

Q When you say Mr. Cockburn, is that the late H. C. Cockburn?

A That is the deceased Mr. Cockburn.

Q And how about Roy Maggart, do you know him?

A I have heard the name, but I don't know Mr. Maggart.

Q George Bush?

A I have also heard the name, but don't know him.

Q Chris Schirm, S-c-h-i-r-m?

A I don't believe I know him.

Q Or somebody with a name that sounds like that?

A I couldn't say.

Q Do you know a Mr. William G. Ferrara, or
Farrer?

A I don't know. I don't believe so. What was the
last name?

Q Ferrara?

A Ferrara? I don't believe so.

Q Or somebody with a name that sounds like that?

A No.

Q Did you ever meet Mr. Foust at the Los Angeles
Athletic Club?

A I don't believe so. I know that he kept a room
there, but I have never been in it.

Q Pardon?

A I have never been in his --

Q Well, you have been, you mentioned one occasion--

A Yes, I have been to the Athletic Club, but
never with Mr. Foust, to my recollection.

Q You described one meeting you attended at the
Los Angeles Athletic Club with the men from Arkansas.
Did you ever attend any other meetings or dinners at the
Los Angeles Athletic Club?

A I don't believe so.

Q Do you or your husband have any property in

Riverside County?

A Riverside County? Is that where Yucca Valley is?

Q I think so.

A If it is, then we do, or he does. I don't think it is community property.

Q What is the nature of the property?

A Well, my husband has an interest in some acreage in Yucca Valley. There has been a great deal of litigation, both before and since he got involved in it, and I really don't know how the situation stands now.

Q Well, we can ask your husband about that.

Have you ever been to New York; New York City?

A Yes, I was born there.

Q When is the last time you were there?

A A Year ago September.

Q That would be September, 1956?

A No. It would be September, 1957.

Q 1957, I am sorry. Prior to that?

A Prior to that?

Q Yes. When were you in New York before then?

A I think it was in June -- I can't remember.

I would have to think about that. I go back once a year, or thereabouts.

Q I see. Did your husband accompany you on any of these trips to New York City?

Q I see. Did your husband accompany you on any of these trips to New York City?

A Well, you asked about Washington. I imagine I know what you are getting at, so I think I can expedite matters.

Q Well, go ahead.

A If you will wait just a minute, I made a note because of the date so I wouldn't have to try and figure it out here. January, 1955. Is that the date that you are questioning about?

Q Well, go ahead and tell us what happened.

A My husband went to Washington on County business. I believe he stopped with me in New York first and went on to Washington. And then came back to New York where I was visiting my family and joined me.

Q You stayed in New York?

A I went to my family's home, and then he went on to Washington and came back.

Q Did you meet Mr. Lipko on that trip?

A No.

Q Do you know whether your husband met Mr. Lipko on that trip?

A I don't believe so. I don't know.

CHAIRMAN ALLEN: Any other questions?

EXAMINATION

BY MR. COOK:

Q Mrs. Ogle, do you recall whether or not anyone paid your expenses while you were in New York?

A Yes. My husband paid mine. I don't know. I believe the County paid his expenses to Washington.

Q You don't recall anyone else paying your expenses or your husband's expenses?

A Definitely not.

Q Let me ask you this: How did you travel to New York?

A We flew.

Q Do you recall who purchased the airplane tickets?

A I don't recall. It was either my husband or myself.

Q You did not purchase it yourself?

A I may have.

Q Did you meet anyone in New York by the name of Bascardi?

A I don't remember ever hearing that name.

Q Have you ever heard of Bailey Walsh?

A I have heard the name.

Q Do you know who that is?

A The only thing that comes to my mind is Louisiana. Now, what he has to do with Louisiana, if anything, I don't know.

Q Would this refresh your recollection? Could he

have been an attorney in Washington, D. C.?

A I have no idea.

Q Did you ever attend the theaters in Los Angeles and see, I believe it was a motion picture, I am not sure, called "The Solid Gold Cadillac"?

A It was a play, and I recall having seen it, yes.

Q I am sorry, it is a play.

A I think that is the night I described to you that Mr. Lipko made this bug fuss at the Biltmore and it had been my impression that he and Mrs. Lipko did not go on with us to the play. Maybe they did. I don't remember. You probably know better than I do whether they did.

MR. COOK: Thank you very much.

CHAIRMAN ALLEN: Any other questions? Thank you, Mrs. Ogle.

Is Margaret Callahan present?

MARGARET CALLAHAN,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, please?

A Margaret Callahan.

Q Is it Miss or Mrs.?

A It is Mrs.

Q Where do you live, Mrs. Callahan?

A 911 West 4th Street, Apartment 101, and I am staying at Mr. Foust's house at the present time.

Q What town?

A Santa Ana.

Q Your occupation?

A How?

Q Your occupation?

A Well, I do some bookkeeping for the Palms restaurant. It is extra. I don't work there. I mean, I do all the time, but I don't do it up there. I usually do it at home.

Q Have you ever been employed by Mr. Foust?

A Yes, sir.

Q In what capacity?

A By the F. & S. Sales Company.

Q Pardon?

A I was employed by the F. & S. Sales Company.

Q What is that?

A It is something that his father formed.

Q The initials F and S, is that it?

A Yes, sir.

Q Sales Company?

A Yes, sir.

Q Was that the punchboard business?

A Yes, sir.

Q That is here in Orange County?

A Yes, sir.

Q When?

A Oh, through the early '40's, up to about '46.

Q When did the punchboard business end?

A I didn't work there after I had an operation in June of 1950, and I wasn't there after that.

Q Well, have you been employed by Mr. Rhae Foust, or any of his businesses since 1950?

A Well, by the company.

Q Pardon?

A I was employed by the company all the time.

Q The F & S Sales Company?

A Yes. Merely in the office as an employee.

Q Are you still employed in that capacity?

A No. I am employed at the Palms restaurant, as I said, now.

Q I am sorry, I didn't hear it. Let me get the last time you did any work for Mr. Foust or the F & S Sales Company?

A Well, in the '50's. Along in --

Q Do you remember what year, approximately?

A Well, not much after '51, because -- I mean '50 because I had an operation in June of 1950, and then I

worked a little extra and my husband was taken sick in October of 1951, and from then on I wasn't able to work any more until he passed away. I didn't work then. Then I went to the Palms after that.

Q And since then you have not been employed by either Mr. Foust or this F. & S. Sales Company?

A No, sir.

Q At the present time, I understand you are visiting in Mr. Foust's home?

A I am just staying there, yes.

Q I see.

A In fact, he has asked me to live there with the family, but I --

Q Do you know where Mr. Foust is at this time?

A No, sir, I do not.

Q When was the last time you saw Rhae Foust?

A Oh, over a week ago.

Q Where?

A Here in Santa Ana.

Q And what did Mr. Foust say to you at that time?

A Just asked me what calls we had at the house and like that. I have taken his phone calls.

Q Well, was Mr. Foust at his home when you saw him?

A No, he was not.

Q Where did you see him?

A I saw him at my apartment.

Q Did Mr. Foust say anything about where he had been, or where he was going?

A Not any definite thing, no, sir.

Q Did you say anything to Mr. Foust about this Committee trying to get him to appear?

A No, sir. I didn't have anything to do with it. Didn't know anything about it.

Q All right. This F. & S. Sales Company, who are the owners and operators of that?

A Well, there is nobody now. There is no such company.

Q Well, when it was in business?

A Well, Mr. Foust and the Foust family.

Q Rhae Foust?

A Well, the family.

Q The family?

A His father, originally.

Q His father and brothers?

A I have been a personal friend of the family since they first came to the County.

Q Was ther a Mr. Showalter connected with that company?

A No, sir, he was not. There was a Mr. Showalter in business in Orange County, but he wasn't connect in any way ever.

Q Where did the S come from in the F. & S.?

A Foust and Son.

CHAIRMAN ALLEN: Mr. Burton?

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Who arranged for your meeting with Mr. Foust in your apartment?

A I don't know as anybody did. I guess he just come, or something. I was staying out at the house and I just went back there, and we didn't make any particular arrangements. He called -- I don't know how it happened.

Q You knew he was going to be at your apartment, though, didn't you?

A No. I don't know that I did. I am sure I didn't at that time. He came -- he called me, I think, and then he came there. It is, oh, I would say ten days or so ago.

Q How long did you spend with him?

A I don't know. A few hours. I don't know. An hour or so, or something. It wasn't anything in particular. He just asked me what calls they had had. That was all.

Q Why didn't he come over to his house where you were staying. Did he tell you?

A No. There was no reason. Maybe I went there for something. I don't know.

Q How often do you see Mr. Foust? When was the time previous to this last meeting? How much time elapsed?

A Oh, I never keep track of it.

Q Well, about every ten days, or so, do you hear from him?

A I have, and then I have oftener, and then sometimes further apart. We don't have any set time.

Q Was Mrs. Foust with Mr. Foust?

A She has been, yes, sir.

Q Was she with Mr. Foust when he joined you in the apartment?

A Yes, sir.

Q Does Mr. Foust have the key to your apartment?

A He does, yes, sir.

Q How long has he had the key to your apartment?

A Well, I don't know.

Q About? A couple of months?

A Quite a long time.

Q A couple of years?

A Probably. He and my husband were very, very good friends, and I was very, very good friends with their mother.

Q Has he stayed over in your apartment any night the last month or so, to your knowledge?

A He might not have, and he might have. I don't know. I haven't been there lately. But he hasn't been there in the last 10 days, I know positive.

Q When do you expect to see Mr. Foust again?

A I haven't any idea.

Q Did he tell you he would call you the next time he wanted to see you?

A No. I have talked to him, as far as that is concerned.

Q Since ten days ago?

A Yes, sir, on the telephone.

Q When was the last time you talked to him on the phone?

A What?

Q When was the last time?

A Yesterday morning.

Q Where did he call from, here, locally?

A He said he called from Wyoming. I have no way of knowing because it was a direct call.

Q Did you hear the long distance operator come in?

A No, sir, I did not. She didn't come in. It came right straight through.

Q The call was to your home?

A No, sir.

Q His home, rather?

A Yes, sir.

Q And other than this long distance call purportedly from Wyoming, on how many other occasions has he called you since last you saw him 10 days or so ago?

A Oh, about four times, I guess; three, four times.

I couldn't say for sure.

Q During any one of those calls, or just prior to being connected with him in any of those calls, did you hear a long distance operator?

A No, sir, I did not.

Q Was it your understanding prior to this Wyoming call he was calling you from somewhere here in the County, or in Los Angeles?

A I do not think so.

Q Why do you say that.

A Well, because I don't know.

Q Well, why wouldn't you think he would be here, if you didn't hear a long distance call?

A The understanding was that they were going away on a trip. And they asked me, I had done that in former times, like when they were at the beach, and like that, I stayed at their home when they have been gone before. And they were going. In fact, this trip was planned a long time before I ever read any of this stuff in the paper. And he said would I go there and stay if they wanted to go away. And I said I would. And they went over to Arizona. And then, for some reason, he came back. He had some business here, and he came back for a night or two. I guess a night. He was here a couple of days, I think.

Q About how long have you been staying at his

house now?

A Since about the sixth of September.

Q And you don't know when to expect he will be back?

A I haven't any idea, no, sir.

Q The next time he calls you, would you tell him that this Committee is interested in having him correspond with our Committee Chairman?

A Yes.

Q Incidentally, he can reach the Committee Chairman by just writing to Mr. Allen, State Capitol, Sacramento. That is all the address he needs. Mr. Bruce Allen.

CHAIRMAN ALLEN: Thank you, Mr. Burton.

Mr. Cook.

EXAMINATION

BY MR. COOK:

Q Mrs. Callahan, you say you are a bookkeeper?

A Yes, sir.

Q Or have practiced bookkeeping in the past?

A Yes, sir.

Q Have you ever been a bookkeeper or kept books for Mr. Rhae Foust?

A I have for F. & S. Sales Company, but not -- we have always had an auditor. Just the records, and like that. I am not an official bookkeeper or anything. I know how to keep books and figure.

Q What time period would this involve?

A Oh, for on about 20 years.

Q About 20 years you kept books?

A Worked in the office. Not just -- taking calls, and I do general office work.

Q Do you have in your possession any books, records, or ledgers --

A No, sir.

Q -- of the F. & S. Sales Company?

A No.

Q Do you have any books, records, ledgers, documents, papers of Mr. Rhae Foust?

A No, sir. No, I have never had any of those.

Q Do you know whether or not Mr. Foust was acquainted with Mr. Lipko?

A No, sir, I do not.

Q Do you know whether or not he was acquainted with Mr. Joel Ogle, the County Counsel?

A Well, yes. I know that he was acquainted with him.

Q Were you ever present during a conversation?

A Not of any importance. Just merely a social one.

Q And when was this?

A I don't know.

Q Approximately?

A He and his wife were there one evening when I was there. That is all. I don't even know when it was. Within the last year or so, I would say. But I just couldn't tell you for sure.

Q Would you consider them good friends?

A Well, not personal, I don't think. And yet, I don't know how good friends they are because I don't spend too much time at their house either. I visit with them.

Q Do you know where Mr. Foust is now?

A No, sir, I do not.

Q Was that question asked? I am sorry if I repeated it.

A I think it was.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Have you ever met Mr. Maggart; Roy Maggart?

A No, sir.

Q George Bush?

A No, sir.

Q Al Lambert?

A No, sir, not to my knowledge. Mr. Lambert, the others I am positive, but I don't think I have -- once or twice I have been to his house when there was other people there, but it was merely an introduction, and as far as business discussion or anything, I have never heard

any.

Q When you were working for Mr. Foust do you recall any business at all in relation to the Camden-Dayton agreement?

A No, sir.

Q Don't remember anything like that?

A That has been since.

Q Pardon?

A That has been since. Mr. Rhae Foust himself has not been connected with the F. & S. Sales Company since 1946.

Q Who was connected with it?

A His brother was.

Q Pardon?

A His brother was but not him.

Q And the brother's name?

A Jack.

CHAIRMAN ALLEN: Any further questions? Mr. Cook.

FURTHER EXAMINATION

BY MR. COOK:

Q Mrs. Callahan, do you know where Mrs. Foust is now?

A She is with Mr. Foust.

Q She is with him now?

A I think so.

Q When did she leave, do you know?

A They left together, so far as I know. They always do whenever he goes away, because he is a diabetic and she has to give him his shots, and like that all the time.

Q Well, you say they are always together?

A Yes, as far as I know they are.

Q Well, he was gone at our last hearing, and she appeared.

A That I don't know.

MR. COOK: Thank you.

CHAIRMAN ALLEN: Thank you, Mrs. Callahan.

Mr. Pat Michaels.

PATRICK FRANCIS MICHAELS,
called as a witness by the Committee, having been first
duly sworn by the Chairman, was examined and testified
as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, sir?

A It is Patrick Michaels; Patrick Francis Michaels.

Q Your address?

A 9702 Gilbert Street in Santa Ana.

Q I didn't get the town.

A 9702 Gilbert Street.

Q In what town?

A Anaheim.

Q And your occupation?

A I am a newscaster. A newscaster.

CHAIRMAN ALLEN: Mr. Hanna, did you have a question?

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Michaels, there was testimony here at the last hearing regarding a payment made to you by a Mr. Frank Evans for services rendered him in public relations.

Do you know Mr. Frank Evans?

A I did know him until he died, yes, sir.

Q And did you do some public realtions work for or with Mr. Frank Evans?

A Not exactly public relations work. I did some writing for him, yes.

Q Would you care to clarify this in the record since you were brought into this matter by that testimony?

Would you care to tell the Committee about that employment, and what that relationship was?

A Yes, sir. I was contacted by Mr. Evans, who was a very close personal friend of my employer at KWIZ in Santa Ana, and asked to do some writing for him regarding the American Marine Exploration Company and mail out the press releases that would thusly develop.

I see in the newspapers that there was some indication on the part of the questioning of the Committee that I had perhaps censored stories, or I had used the

news service and the radio station to air them. I would like to explain here and now, first of all, that for two very definite reasons it would have been impossible for me to have done this thing.

First of all, it was common knowledge within our organization of the Orange County News Service, the teletype service, that one of our publishers was financially in debt to the Monterey Oil Company, which was justly opposed to the American Marine Exploration Company. This, first of all.

Secondly, all of the matters in the County Courthouse, where the American Marine Exploration Company matters were handled, were handled by a courthouse reporter whom I had no influence or control over.

I merely did the writing of the press releases. Very few of them appeared on our news service because of the reasons I mentioned. Actually, they appeared largely in the Garden Grove Daily News and the Santa Ana Register.

Q First of all, it is true that not all of the papers in Orange County belong to the Orange County news service, isn't that right?

A That is correct, sir. There were only four at this time.

Q There were only four papers that were on that service?

A Yes.

Q However, you were sending your releases to all

of the newspapers?

A Yes, sir. They were typed out by myself. I received the information from Mr. Evans. He was the only person I ever contacted regarding it, or he contacted me. He came up once a week and told me he would like to have a press release on Mr. Smith's background, and I would write up a release on the basis of the information that he gave me, make several copies of it, and enclose them in envelopes and mail them to the newspapers.

Sometimes I delivered them to the reporters myself, and sometimes I had my friends, or somebody who was going to the courthouse where the reporters were, deliver these press releases to them.

Q Did you, on several occasions, also make an appearance in court where the matters pertaining to the County and the American Marine Matters were being heard?

A Only once, sir. This, Mr. Hanna, was an occasion when the reporter I mentioned was not available. He was not working that particular day. I believe he was ill. And on this particular occasion, the only occasion that I did happen to cover the story of American Marine, I did go to the County Courthouse and witness the transaction taking place. I forget what it was that was going on that took place in the courtroom. I believe it was taking place in chambers. And I covered it, along with several of the reporters here, strictly as

a news story.

Q And your relationship was strictly with Mr. Evans, was it not?

A Yes. I never had any contact with anyone else involving the oil company.

Q And you knew nothing whatever of Mr. Evans' arrangements with the American Marine, or anyone else?

A No, sir. I was purely a writer, nothing else.

ASSEMBLYMAN HANNA: That's all.

EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Michaels, those checks that were produced for us in relation to this employment you have described with Mr. Evans covers a period from, let's see, the first check is February 14, 1957, the last one apparently November 25, 1957.

During that period of time do I understand you were employed by the radio station, KWIZ?

A Yes, that is correct, sir. I was also, of course, employed by several other people in addition to American Marine Exploration Company. I do quite a bit of sideline work. I write magazine articles. I wrote a picture for Columbia Pictures that year at the same time. And I guess I must have authored maybe a dozen magazine articles.

Q Were you employed by other people in public relations work also during that period?

A I don't recall anyone during that period. It quite possibly might have been that I did some work in Los Angeles for some people or other, but I don't believe that I did during that particular period. That wasn't a consecutive period, incidentally, if you will notice from the checks.

There were times when the company apparently didn't have anything to write or didn't have anything for me to do, and there would be maybe a month or two go by, as you will note from that, where I didn't engage in any work for them whatsoever.

Q There is reference in correspondence that has been produced to the Committee between Mr. Evans and American Marine of an effort that was made successfully to get the beach papers started to fighting among themselves. Something to that effect.

Do you recall any such campaign?

A No, sir, I know of no such campaign. As I have mentioned at the outset, it was common knowledge that the one newspaper was under the friendship of the Monterey Oil Company and this, of course, we had other information, but it was so well controlled by it that it would have been impossible to bring American Marine into the picture. This was a very commonly known thing. We couldn't possibly have done anything in the beach area because of the Monterey influence down there.

Q By that, which town are you talking about?

A Well, any of the coastal communities. We only had influence, as far as Orange County news service was concerned, we only had one newspaper in the beach area. As far as the other newspapers are concerned, we had one in Laguna Beach several years ago on the wire service which I had no occasion to contact anyone on any of these newspapers except perhaps meeting them at a press party somewhere, at which time nothing of this was discussed. I never discussed this with anyone down there.

Q Were you present at the last hearing this Committee held on this subject?

A No, sir, I was not.

Q We had two witnesses by the name of Crawford, Jack and I believe Walter Crawford, who testified regarding an assignment of 1 1/3 per cent royalty interest in the lease in the Sunset Heights area to Mr. Ogle. Do you have any personal knowledge concerning that transaction?

A I have no personal knowledge of the transaction, sir. I did a story, I discovered this fact, oh, I don't recall how long ago it was. It was two or three years ago. I discovered this fact and I went over to the courthouse and I purchased copies, photostatic copies of the transaction, which I kept in my file. I then did a story concerning Mr. Ogle and the transaction, which I did -- this was long before American Marine came into the picture.

I did put it on our teletype wire and it was killed by one of our newspapers as being possibly libelous towards Mr. Ogle, and the newspaper didn't want to take the chance.

But it was used by myself on the air at that time, about 2 1/2 years ago.

Q In the course of preparing this material, did you interview either of the Crawfords on the subject?

A I talked to, as I recall, I believe I did talk to one or the other of them, by telephone, yes, sir, in Los Angeles.

Q Do you remember which one?

A No, I don't remember which one, sir.

Q Do you remember when you talked to them?

A Well, it was at the time I was doing the story. Shortly after I found the photostats with Mr. Foust and Mr. Ogle's name on them. This connection appeared very interesting to me.

Q Did you, during this conversation with one of the Crawford, satisfy yourself that the gentleman you were talking to was one of the owners of this particular oil lease, or had been?

A As far as the Crawfords were concerned?

Q Yes.

A I don't think they entered into the picture, as I recall. I forget, Mr. Chairman, exactly how the situation was. My story was not concerning the Crawfords

in any manner.

Q No, I just want to know if you were talking to the right Mr. Crawford.

A Well, I am sure I was because I had just done a story prior to that on them, and on their boom in Huntington Beach, and I had talked to them about that. There was a big boom in the City of Huntington Beach at that time, and I did a story about that and the effect it had on the community.

Q Well, the testimony and documents we have show an assignment from the Crawfords to Mr. Ogle. Is that the one you were investigating in regard to this story you described?

A Well, as I say, I only recall the names of Mr. Ogle and Mr. Foust on there. There were some other names. And I believe it was the Crawfords, as I say. But I can't quite recall. This was quite some time ago.

Now, this file, Mr. Chairman, I left it, along with all my files, when I left the employ of KWIZ. They were in my desk. The story was still there and everything was in my file. I understand that one of the fellows that I had employed as a part-time worker later found them and used them for the story which brought about the entire situation.

Q Well, when you talked to this Mr. Crawford, did you discuss in any way what consideration there was for

this assignment of the 1 1/3 per cent to Mr. Ogle?

A No, sir, I don't believe -- I don't recall. I don't recall what it was. I think I only called them to verify the existence of this thing, although I had the photostats. I just merely wanted to verify it because the story was there with the linking of the two names.

Q Did you talk to Mr. Ogle about how he got this interest?

A Oh, yes. Yes, I did talk to Mr. Ogle.

Q What did Mr. Ogle tell you?

A If I can recall the situation. He said that if I used the story, he would sue me. I put that in the story. And I also recall him saying that somebody must have tipped me off, somebody who was mad at him, and it was obviously somebody who was angry; that he was not, as I recall, very much involved in this thing. He had already pulled out and had sold his interest, I believe. And he said he had no more connection with it. And these facts I also imparted with the story on our teletype circuit.

Q Did you ask Mr. Ogle, or was anything said in this interview with regard to how or why Mr. Ogle received this interest?

A Sir, I don't think he would answer the questions. He was quite angry at me for finding this information out, and for linking his name with Mr. Foust at the time. I

dont' think that he was too cooperative with me at that particular time, because I had done a series of stories prior to this which also he didn't seem to like too much, a short while before that, regarding other matters in County government.

But I don't recall exactly, because, as I say, this was some time ago, sir.

Q Well, let's put it this way: during the course of your investigation and after having talked to the people you did interview, did you reach the conclusion that Mr. Ogle received this $1\frac{1}{3}$ interest as a fee?

A Well, sir, I reached the conclusion that he was in on the financial end of the deal. It was an organizational thing that he bought an interest in, I think is what he told me at the time. He purchased an interest, I believe, for some amount like \$2000, or something of that nature. But, as I say, I can't recall too clearly. This was his side of the story, but of course, I believe he was involved in it, certainly, or I wouldn't have done the story.

Q Do you remember exactly what figure Mr. Ogle mentioned that he paid?

A The best I can recall, it was about \$2000 he told me.

Q Did you find out what form the payment was made in?

A No, sir. I think he told me that he paid the man and I don't think that I particularly cared how he paid him, whether it was by check or anything else.

CHAIRMAN ALLEN: Any questions? Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q First I would like to know what paper of the Orange County news service you are speaking of when you say that they are in debt to the Monterey Oil Company, or were?

A Well, that was the Newport Harbor News Press.

Q And what was the amount of this indebtedness, and in what manner were they indebted?

A Well, as I understood it, as I recall this also, there was a note due on the newspaper which was picked up by Monterey, or the money was transferred to take the pressure off of the newspaper at this particular time, in which Monterey picked up the note and owned a portion of the paper or had control of it.

Q How much was the note for?

A I really don't recall too well, Mr. Sumner, how much it was for. I think at the time I was talking to the man about it he was talking in terms of about \$30,000. But I just don't recall how much it was.

Q Was this transfer made to Monterey, as far as you know, with the knowledge of the news press, or

without?

A Well, Mr. Sumner, I wasn't too closely connected with the situation, and I really don't know. I am not qualified to say. I mean, I am speculating when I say that -- exactly what this amount was.

Q Well, you have made what amounts to a very serious charge that, implied, at least, the Monterey Oil Company controlled the paper and the editorial policy of it.

A Well, I think that was pretty common knowledge, as I said, Mr. Sumner. I didn't make the charge. I said it was common knowledge at the time. It was the thing that was talked about at our managing editors' meetings where the editors of each of our papers would get together. It was a thing that was talked about among the reporters of those papers, and it was talked about especially among the reporters of the Newport papers. And we would, in essence, ask why we were getting so much copy about Monterey, and things of this nature.

I was not in a position, Mr. Sumner, to investigate that particular thing as a news story. I kind of worked there.

Q When you mentioned that the Crawford story was killed by one of the papers, was that done on the basis that it might be libelous?

A Yes. That was the only reason. There should be

A Yes. That was the only reason. There should be no implication from it. Only on the basis that they thought it was libelous. I didn't think so. I had gone over it fairly thoroughly.

In fact, I think I even took it to an attorney or two and asked them what they thought of it, because I merely cited the facts that this record existed, was available in the County Courthouse records, and I only put Mr. Ogle's statement on to it.

Q What other papers along the south coast of Orange County, what are the papers that are members of the Orange County news service?

A There are no others, sir. There was one at one time, the South Laguna Beach News, but there are no other beach papers.

Q Referring to the public relations job that you had, did you at the time that you had this feel that there was any ethical conflict between the fact that you were a news reporter and also hired to do public relations work?

A Well, no, sir. I don't feel there was an ethical diversion of interests there in the least, because it is pretty common here, especially in this area for people to do public relations work on the side. I did it as a writer, and I wrote a picture for Columbia, as I pointed out, as a writer, and with the complete sanction of my

office.

I did other work, writing for magazines, and things of that nature.

Now, there are other reporters who are engaged -- one reporter, for instance, with the Santa Ana Register presently is on the payroll of several civic organizations from which he gets money. These organizations, incidentally, I volunteered my services to and did public relations writing, and I have the letters I can show this Committee, and which I did for nothing.

But we have one reporter who is getting money from this group, or these various civic organizations, which I don't think is quite ethical. I couldn't conceive of taking the money out and giving it to these people and charging to get the money back. There is one reporter here who is in the room who received something like \$3000 from the Board of Supervisors to handle a political campaign for the Board on a bond issue. This also would perhaps be questionable to me.

I didn't feel that the mere writing of a press release, or a group of press releases, would be questionable, no, sir, because I had no influence on the actual publication of these press releases.

ASSEMBLYMAN SUMNER: No further questions.

CHAIRMAN ALLEN: Mr. Weinberger

EXAMINATION

BY ASSEMBLYMAN WEINBERGER

Q Do you know all of these things, Mr. Michaels, of your own knowledge? Are you testifying here under oath as to facts, or are you giving us what is the report of the community, or what?

A In what regard, Mr. Weinberger?

Q Are you testifying to a lot of rumors? Well, all of these matters you are testifying about, reporters receiving money, oil companies owning papers, are these rumors going around the press rooms, or things you are willing to take your oath on as a fact?

A Well, to the best of my knowledge, sir, these are things reported to me as fact.

Q From whom? From whom?

A In what regard?

Q Well, go back to the beginning. You started talking about some oil company owning and controlling a paper and controlling the policy. Who told you all about this?

A Well, as I say, it was a general conversation at that time. This is the only thing I stated, Mr. Weinberger.

Q Well, by whom, and where? Who said what? These are fairly serious things. If they are true, let's go into them. If you are quoting rumors, tell us they are rumors.

A Well, I prefaced my statement with the statement it was common knowledge and it was a common subject of discussion.

Q Well, that is an awfully broad term. You mean in your own opinion it is common knowledge, is that right?

A Yes, sir.

Q On what do you base it?

A On the general discussion of these situations existing. In the case of the newspaper --

Q By whom and with whom?

A In the case of, I am saying, in general discussions, and in the case of the newspaper situation, we had a gentleman who was doing a broadcast for us each day who was the son-in-law of a man whose name I believe was Pyles, from the Monterey Oil Company, who did a daily broadcast, who discussed the newspaper situation with me at quite some length regarding this particular situation.

Q Well, the son-in-law discussed this with you?

A Yes, sir.

Q And he told you that this paper was controlled or owed money to this oil company?

A He said that the oil company could get anything they wanted out of the newspaper, yes, sir.

Q And had you met him before?

A He was there for about a year in the radio station, yes, sir, doing a daily broadcast.

Q Did you form some estimate as to his reliability?

A Very excellent man, yes, sir.

Q Do you have any other basis for it? Is it just what Mr. Pyles' son-in-law told you?

A In addition to the general conversation that went around the reporters in the area.

Q Did they base it also on what Mr. Pyles' son-in-law told them?

A No, sir. They did not know Mr. Pyles' son-in-law, I don't believe.

Q Do your direct knowledge came from Mr. Pyles' son-in-law, is that correct?

A If that could be considered direct knowledge. I don't know.

Q That is the source or basis of your statement?

A No, sir. It was a general discussion that we had heard over a period of time.

Q Do you have any idea of the reliability of the general discussions?

A Sir, a reporter works on the basis of where there is smoke, there is fire. If I had had the opportunity, as I said, of pinning it down --

Q Well, some columnists do, but reporters, in my knowledge, have usually worked on the basis of verified fact.

A Well, I had no story to write about it. If I

had had a story to write, I would have verified it.

CHAIRMAN ALLEN: All right. Thank you, Mr. Michaels.

Mr. Pyles come forward, please.

MR. BEN REDDICK: Mr. Allen just a moment, please. I would like the privilege of unfrocking aliar. My name is Ben Reddick. I would like to be sworn.

CHAIRMAN ALLEN: Just a minute. Just a minute, now. You just sit down and we will hear you.

MR. REDDICK: Before the day is over. Before the day is over, sir.

CHAIRMAN ALLEN: All right. Let's get Mr. Pyles. I see him right back here.

MR. REDDICK: I think you ought to get the true name of Mr. Michaels and the criminal record of he and his brother, before you get through.

CHAIRMAN ALLEN: Mr. Pyles, come forward.

ERNEST E. PYLES

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Be seated. Give us your full name and address.

A My name is Ernest E. Pyles. I live at 711 Rodeo Road, Fullerton, California.

Q And your occupation?

A I am director and vice president of the Monterey Oil Company.

Q That is a corporation which has a lease from the State of California and is commonly known to operate the island --

A That is correct, along with the Texas Company, and the City of Newport Beach, Monterey Oil Company and the Humble Oil and Refining Company have a contract with the City of Newport Beach.

Q I notice that you were present in the room when we just heard this testimony by Mr. Michaels relating to the ownership, or at least an interest of the Monterey Oil Company in the Newport Harbor News Press. Will you tell us what you know about that?

A Well, I can tell you in a very few words. I never heard such fabrication and lies, and I want to state that there is not one ounce of truth to it.

Q Does Monterey Oil Company have any interest in the Newport Harbor News Press?

A None whatever.

Q Now, are you acquainted with a newspaper by that name?

A Yes. We operate in Newport Beach, and anyone at Newport Beach would know Mr. Ben Reddick, the owner and publisher of the Newport Harbor News Press. I have visited with him many times in regards to our operations, the work

that was going on, the wells that were being drilled, and that sort of thing.

Q Well, has the Monterey Oil Company, or any of its officers, ever had an interest in the Newport Harbor News Press?

A No, sir.

Q Or loaned money to that paper?

A No, sir.

Q Or Mr. Reddick?

A No, sir.

Q Just to clear the record now, do you know of any transaction or business relationship between either Monterey Oil Company or any of its owners or officers with either Mr. Ben Reddick or the Newport Harbor News Press?

A Any business relations with the Newport Press, or Mr. Ben Reddick, insofar as the Monterey Oil Company, would have been between the newspaper and Mr. Ben Reddick and myself.

Q In what way?

A Well, I mean any business transactions that Monterey Oil Company would have had, I am the only one in Monterey Oil Company that is acquainted with Mr. Reddick and his newspaper.

Q And you say there were no business relations or transactions, and I don't include newspaper advertising or subscriptions, or that type of thing which is common

in the newspaper business. Tell me, does Monterey Oil Company ever run any advertising in that paper?

A I think during one period, and I can't recall what it was, my brother Bob has the R. M. Pyles Boys Camp up in the High Sierras, and it seems to me as though Mr. Reddick, and some of the other newspapers in Orange County, ran news stories and in some cases some advertising in connection with this boys' camp.

Q Aside from this transaction, do you recall any advertising in that paper by Monterey Oil Company?

A I think once during the ten years that we have been operating in Newport Beach, Mr. Reddick may recall it, it was some particular situation where we did run an ad in the paper, but, to my knowledge, it has only been this one time that we ran an ad.

CHAIRMAN ALLEN: All right. Thank you, Mr. Pyles.

You will be here tomorrow, I take it?

A Yes.

CHAIRMAN ALLEN: I think there are more questions. Would you step down for a minute?

Mr. Michaels, would you come back to the stand, please?

ASSEMBLYMAN BURTON: Before you ask a question, I would like to pin down the son-in-law item.

CHAIRMAN ALLEN: All right. Mr. Pyles, would you come back? Mr. Burton has a question. Thank you.

EXAMINATION OF MR. PYLES (Continuing)

BY ASSEMBLYMAN BURTON:

Q Mr. Pyles, do you have any children?

A Yes, sir.

Q How many?

A Two, two daughters.

Q Both of them married?

A No. One is married, the other is going to college.

Q What is the one who is married husband's name?

A Garsythe.

Q Garsythe? Was Mr. Garsythe employed as a newscaster in this county for any period during the last number of years?

A Mr. Garsythe is with Dean Witter Company, an investment house, brokerage house, in Santa Ana. And I think each day he gave the quotations of a certain amount, number of stocks. It wasn't a broadcast. It was a repeat of one of their financial writers' --

Q From this county, though?

A From Santa Ana, yes.

Q Was it over the radio?

A Yes.

Q All right. I just wanted to pin it down, to see if we are agreed that there is a son-in-law of yours who said something over the radio periodically.

A He said over the radio just waht the financial editor or writer of Dean Witter, in his daily report, reported at the end of the day, and gave quotations of a certain amount of stocks. You heard the thing over the radio many times.

CHAIRMAN ALLEN: All right. Thank you, Mr. Pyles.

Mr. Michaels?

PATRICK FRANCIS MICHAELS,
recalled as a witness, having been previously duly sworn,
was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q You have previously been sworn. You are reminded you are still under oath.

Would you give us your correct name?

A I gave you my correct name, sir.

Q Have you ever been known under any other names?

A Prior to 1949 when I had the Superior Court of Kings County, California, I was known as Patrick F. Krone.

Q Would you spell the last name?

A K-r-o-n-e.

Q Where were you born?

A I was born in Superior, Wisconsin.

Q Having heard Mr. Pyles' testimony, do you have anything in the way of further information to add regarding

your statement that the Monterey Oil Company was interested in some way in the Newport Harbor News Press?

A Well, in view of Mr. Reddick's statement, I do have something to add.

Q Well, take Mr. Pyles' first.

A Well, Mr. Pyles mentioned that there was no connection, I believe, between him and the newspaper. I do recall that when the wire service was first formed, the Orange County News Service as such, Mr. Reddick and I had several discussions regarding off-shore oil drilling. I was very opposed to it, having just come from Louisiana, where I had been working as a news director for a television station, and was familiar there with what off-shore drilling had done to the coastal communities.

Mr. Reddick at that time was opposed also to possible off-shore drilling. At that time I believed firmly in our beaches, of no pollution of our beaches, keeping them clean, and this type of thing. And having been raised in Orange County, I hated to see it go back to the type of thing I had seen in Louisiana.

Mr. Reddick and I had numerous discussions about this and I authored several stories regarding the problems of off-shore drilling as I recalled them from Louisiana.

A couple of these got into print and Mr. Reddick called on me one day and said, "Well, we are going to hold up because the oil company is going to fly me back

there," the one that was trying to get the drilling rights for the County of Newport Beach. "And I am going to see what I can find out," or something of that nature.

As I recall, this was about four years ago. Mr. Reddick did go to Louisiana, made a survey, took some pictures of the off-shore rigs there, came back and said he found they were clean and neat and didn't think they would mar the coastal communities.

At that time the policy of the news press completely changed from one of being anti-off-shore drilling to for off-shore drilling, and shortly after Monterey came into the picture, as I recall.

Q And based on that information you testified to this Committee the Monterey Oil Company has an interest in the Newport Harbor News Press?

A No, sir. This was several years ago.

Q All right. Let's get right down to the meat of the coconut. What information do you have that shows an interest of Monterey Oil Company in the Newport Harbor News Press?

A Well, sir, I have given you all the information that was at my disposal.

Q How long have you been a reporter?

A For about 12 years, sir.

Q If this charge is true, don't you think it is a pretty good story?

A It would be, sir, if I were not personally involved in the story, yes. It would be a fine story.

Q Did you ever go to anybody in Monterey Oil Company and ask them if this were a fact?

A Sir, I was not in a position here in the City of Santa Ana, in a position of being kind of working for the newspapers, under any circumstances, to be able to write such a story.

Q Well, answer my question now. Did you ever go to anybody at Monterey Oil and ask them if they had an interest of any kind in the Newport Harbor News Press?

A I was not that interested in the story. I was not that interested in the facts. I wouldn't dare. Let me put it that way.

Q Well, is your answer yes or no?

A No, sir, I did not.

ASSEMBLYMAN O'CONNELL: Mr. Allen, may I just ask one question?

CHAIRMAN ALLEN: Mr. O'Connell, go ahead

EXAMINATION

BY ASSEMBLYMAN O'CONNELL:

Q How about this conversation that you referred to a few minutes ago that Mr. Pyles told you of the fact that Monterey Oil Company could have anything it wanted from the newspaper in Newport Beach?

A No, I didn't say that Mr. Pyles told me that.

I said that Mr. Garsythe told that to me.

Q His son-in-law told you that?

A Yes, sir.

ASSEMBLYMAN O'CONNELL: I see. I am sorry.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Did anybody ask you before you came down here to tell this Committee that the Monterey Oil Company had an interest in that paper?

A No, sir. I have not talked to a soul regarding this situation, with the exception of Mr. Evan shortly after he appeared before the Committee last time when he called me up to apologize.

Q When did you last talk to Mr. Ogle?

A Mr. Ogle?

Q Yes.

A Oh, my goodness, it has been before I left the City of Santa Ana, and that was in January. So it was just prior to that time.

Q The last conversation you had with Mr. Ogle?

A That I recall, yes, sir. I don't believe I have ever seen him since then.

Q During the last month have you told anybody that you were going to tell this Committee that Monterey Oil Company had an interest in the Newport Harbor News Press?

A No, sir. I have not told anybody that. I didn't mean to -- it wasn't a thing that I was going, necessarily, to bring out. I just wanted to point out how I couldn't possible have slanted any stories. This was part of my statement, sir.

CHAIRMAN ALLEN: Any other questions?

EXAMINATION

BY ASSEMBLYMAN WEINBERGER:

Q Well, we never did, Mr. Chairman, get any other basis for this story other than that Mr. Garsythe told it to you. Is that where it came from?

A That and the other conversations that we had with the reporters.

Q We never found anybody else with whom you talked. Who was it? Was it all these reporters?

A Yes, sir. I would say maybe --

Q Do you remember any single person, any name, any individual, any time, any place?

MR. REDDICK: Any of these here?

THE WITNESS: I do not connect it with anyone. It was a general thing, sir.

Q BY MR. WEINBERGER: Do you recall when you were told this, or under what circumstances?

A Well, it was a period of over two or three years.

Q Was it done by any individual whose name you can recall to us?

A No, sir. I can't recall anyone, outside of the one I mentioned.

Q It must have been awfully general.

A Oh, it was very general, sir.

Q It was very general? You can't recall a single name of a single individual who repeated this story to you?

A No, sir. I don't believe that I can.

Q But Mr. Garsythe you do recall?

A Yes, sir.

Q And when did he tell you?

A Well, over the periods of time that I would kid him about it, and we would have conversations -- well, of course, every day when he came in to do his broadcast. And we were quite friendly, very good friends, as a matter of fact. I respected him as a stockbroker and a very fine gentleman of the community, which he is. And we had conversations every day.

Q Would you say you were joking with him?

A Oh, no, sir. Let me explain that I would, after a while it got to be kind of a joke, because he would ask me, "Well, did my father-in-law kill any stories today?" Or I would say to him something about, "What has been going on at Monterey that I should know about?" And things of that nature.

Well, this is not quite what you testified to

a few minutes ago. Can you recall the details of the conversation in which Mr. Garsythe told you that the oil company, Monterey Oil Company, had an interest or was owed money by this newspaper?

A No, sir. I don't recall the exact conversations. I think it was -- as I say, we met every day, Mr. Garsythe and I, for over a year and a half, I think it was. And we had coffee together for about 20 minutes each day. We were very good friends.

Q On several occasions, on more than one, he made this disclosure to you?

A Yes, sir, or words to that effect.

Q Well, can you describe to us the circumstances? Was he boastful?

A Oh, no, sir.

Q Was he reluctant, unhappy, ashamed?

A Oh, no. He was quite proud of his father-in-law and quite proud of Monterey. As a matter of fact, he tried to sell me some stock in it.

Q And as part of the inducement to get you to buy some stock --

A No, I am being facetious, Mr. Weinberger. I apologize.

Q Well, I hardly think it is the place for facetiousness. I just want the facts. I think it is quite a serious thing here, and to date I haven't been able

to find any substantiation, other than that he told over a long period of time, apparently, as part of some other statements he made that you took to be facetious, that this loan was on the books.

A Well, I am sorry, Mr. Weinberger, that is all the information I have, sir.

ASSEMBLYMAN O'CONNELL: Mr. Chairman, it seems to me that the witness, in view of and in spite of the fact that the denials were made by Mr. Reddick and Mr. Pyles of the veracity of the story that the witness told earlier, is taking the position now that what he said before is the truth. And I don't see that whether it is true or not, it is material to the investigation that this Committee is engaged in. I think that we ought to excuse this witness, if he has nothing further to add, and allow Mr. Reddick to swear under oath, if he wants to, that what the witness said is not true. Then let it go at that, because we are getting very far afield, it seems to me.

CHAIRMAN ALLEN: All right. Mr. Michaels, do you have anything further you wish to add at this time? And I want to caution you that we expect it to be of your own knowledge.

THE WITNESS: Sir, I have nothing that I care to add, no. I am not here --

CHAIRMAN ALLEN: All right, thank you, Mr. Michaels.

Mr. Reddick?

BEN REDDICK,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your full name, address, and occupation.

A My name is Ben Reddick. My home address is 524 Seaward Road, Corona Del Mar. That is part of the City of Newport Beach. I own the Newport Harbor News Press, with my wife.

Q How long have you and your wife owned this paper?

A My wife and I first became interested in the New Press in 1944 in partnership with Charles F. Crawford, and subsequently I purchased -- now, wait a minute. Just so there will be no question about names, that was the Newport-Balboa Press at that time.

Subsequently I purchased Crawford's interest, and later I acquired the Newport-Balboa News Times. We subsequently merged them together.

I have three mortgages. I imagine you would like to know about them.

Q All right. Go ahead.

A The News Press is mortgaged as a going business to the Bank of America. It has been so mortgaged ever

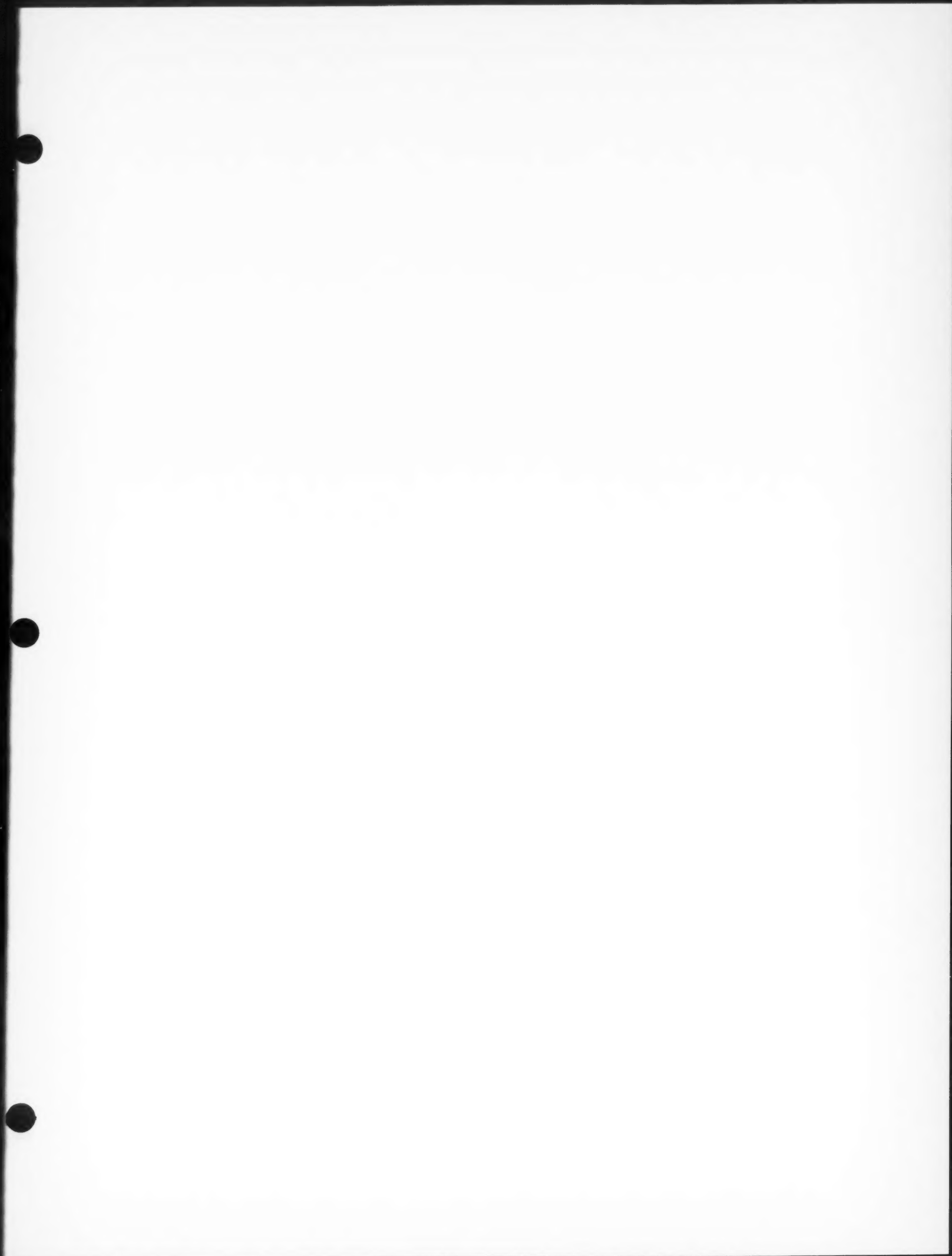
since, let's see, since I put together the papers and got all the financing straightened out from a lot of shoestring operations. At no time has there ever been an oil company who has ever loaned me five cents. There never has been anyone other than one man who might have been remotely connected in the oil business, and that was R. L. Crutcher, from whom I borrowed some money, and was able to put it together. I say he might have been interested in oil because I think he was in the midwest, but not in California.

Q Has the MOnterey Oil Company or any of its owners or stockholders ever had an ownership interest in this newspaper since you have been connected with the paper?

A No, Mr. Allen. There is one nice thing about being in the newspaper business. Your record is published each and every issue. And at least once a year each newspaper is required by Federal law to publish a manifest of ownership, circulation, and the administration of the paper. Mine, I believe, was published in my newspaper today. I haven't even got a copy of it yet. It shows the Bank of America as still having the mortgage. It shows that my wife and I own it.

Q Is this paper a daily?

A No. It is three times a week, Monday, Wednesday, and Friday.



said, that no, he didn't control the Newport Press, and neither could anyone else, in relation to oil or anything else.

CHAIRMAN ALLEN: Any questions? Thank you, Mr. Reddick. We will hear more from you tomorrow.

We will now take a recess until 9:30 tomorrow morning here in this same room. We will ask the witnesses present under subpoena to return at that time.

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BUENA PARK, CALIFORNIA, THURSDAY, OCTOBER 2, 1958, 9:30 A.M.

--oOo--

CHAIRMAN ALLEN: The meeting will come to order, please.

This is a meeting of the Assembly Judiciary Subcommittee on Tidelands, a continuation of previous hearings.

I would like to introduce at this time the Committee members present. Assemblyman Howard Thelin on my right from Glendale; Assemblyman Bruce Sumner, from Orange County, on the left; Committee Consultant Robert Cook, sitting next to me on my left.

My name is Bruce Allen, Assemblyman from Santa Clara County. The three Assemblymen present will constitute the Subcommittee at the outset of this hearing pending arrival of additional members of the Judiciary Committee. There is a quorum present.

Is Mr. Babson present?

Is Mr. Hugh Plumb here?

Mr. Heim?

VICTOR A. HEIM,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN: (Q) Your name, address and occupation,

please?

A Victor A. Heim. I live at 16392 Hine Avenue in Olive. I am the County Auditor.

Q You were asked to bring some records in relating to out of State travel, I believe?

A Yes, sir.

Q Would you produce them at this time and identify them for the record?

A In the short time that we have had, Mr. Chairman, to produce these records, I have made a list of what we believe to be the entire amount paid in connection with Mr. Ogle's travels during the last eight years. I have some supporting documents here.

Q All right.

A Which we are required, of course, to keep.

Q May I see the list that you have?

A Yes. I made considerable copies.

Q You have given us a list entitled "Travel expenses of Joel E. Ogle, January 1, 1950 to September 30, 1958." Do I understand this was prepared from records in your office?

A Yes, sir.

Q As far as you know, this accurately reflects all of the out of State trips as shown by those records for Mr. Ogle in that period?

A Yes, sir.

CHAIRMAN ALLEN: We will make this as the next exhibit, Mr. Cook. If we need to look at your records further, we will contact you. Thank you very much.

Just a minute, Mr. Heim.

ASSEMBLYMAN SUMNER: Maybe we could get just a brief explanation on these.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q Under the heading of "Purpose" I notice you have, for example, "Sacramento" and then you have a series of other payments. Should there be ditto marks below that? In other words, were all those for that?

A No, sir. We were not, in the time available to us, able to go back and tie in the Board authorizations for the travel. And we would do that, if the Committee so desires.

Q I see. So those places where the purpose is stated or explained apply only to the figures opposite them, and the ones that are blank are the ones that you are speaking of that you didn't have time to go through?

A Yes, sir. Of course, some of these older ones we will not have due to the fact that they are over five years old.

EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Heim, do your records reflect any travel

or hotel bills in Texas on the part of Mr. Ogle?

A No, sir, to the best of my knowledge.

Q Or Louisiana?

A Pardon?

Q Or Louisiana?

A No, sir. I would want time to review the records, however. To the best of my knowledge, no.

Q Would you do that and let us know whether or not you do find anything?

A Yes, sir.

CHAIRMAN ALLEN: Thank you very much.

(Witness excused)

CHAIRMAN ALLEN: Is Mr. Hirstein present?

WILLIAM H. HIRSTEIN,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name and address, please?

A William H. Hirstein. I live at 17681 Chapman Avenue, Orange, California.

Q Are you a member of the Board of Supervisors of Orange County?

A Yes, sir. I represent the Fourth District.

Q How long have you been on the Board?

A Since January, 1955.

Q Would that be the first part of January?

A Yes, sir. I forget the date. The 5th or 6th, I believe.

Q Were you on the Board then on January 4, 1955?

A I don't remember the exact date, sir. Just what day it was, whether it was the 4th, 5th or 6th. I think it was the first Monday in January that the Board member takes office.

Q We have here some extracts from the minutes of the Board meeting of January 4, '55, which show William H. Hirstein present.

A Apparently that was the date.

Q Do you recall the Camden-Dayton contract, reassignment of scrip, and a new agreement between Orange County and the Camden-Dayton Company of the tidelands coming up at that time?

A No, sir. I know very little about the Camden-Dayton contract. That was all prior to my time. I understand the rights had expired due to a date termination and I knew very little about it. That's about all I know about it.

Q The records show you were present when this action was taken on January 4, 1955, relating to renewal of the Camden-Dayton contract. Do you remember any discussions, appearances or actions by the Board on that

subject when you were a member of the Board?

A No, sir.

Q You don't remember anybody appearing before the Board and speaking or any discussion between Board members on that subject?

A No, sir.

Q Did you have any discussions, to your recollection, with the County Counsel on the subject of the renewal of the Camden-Dayton contract?

A Not that I can remember, sir. I no doubt was briefed on it, but I just can't tie it in. That was my first day in office, as you probably remember, and --

Q Then, referring to the American Marine contract, that the County records show was executed or authorized by the Board of Supervisors February 14, 1956, do you recall that?

A Yes, sir.

Q Did you get a copy of the American Marine contract before that?

A Yes, sir.

Q When?

A I can't remember the date, but possibly some time between January 31, and February 14th, I had time to read it at least, as Mr. Featherly said, I think I read it twice prior to February 14th.

Q When did you first see a copy of the proposed

contract with American Marine?

A Some time within that time. I can't tell you the exact date.

Q Would it have been after January 31, 1956?

A I assume so, yes, sir.

Q As far as we can tell, this was first presented at the Board meeting on January 31, 1956. Is that your recollection?

A Well, that is apparently what the records show. I don't remember any conferences or anything prior to that date.

Q Do you remember the contract having been presented at that Board meeting?

A February 14th?

Q No. January 31, 1956?

A I remember it was presented at a date approximately at that time. I won't -- if that was the date of the Board meeting, I assume it was January 31.

Q Well, you do remember that the contract was presented by somebody at a Board meeting before the Board on a date before the Board approved it? Do you remember that?

A You mean on February 14th?

Q No. The records show that the Board approved this on February 14th.

A That's right.

Q As a member of the Board, do you recall, have a recollection now of the Board having approved the American Marine contract?

A Yes.

Q Do you recall whether or not the contract was presented by somebody to the Board on some previous occasion?

A Yes. I think Mr. Hightower presented it and we all read it.

Q That was on some day earlier?

A Prior to February 14th, certainly.

Q All right. You say Mr. Hightower presented it. What did he say about it?

A I can't remember his words exactly. I mean what would you say in a case like that?

Q We just want to know what you remember, that's all.

A On February 14th?

Q Well, you told us just now that before February 14th Mr. Hightower presented the contract.

A Yes.

Q At some other meeting?

A Yes.

Q Earlier than the 14th.

A Yes.

Q We want to know what Mr. Hightower said the first

time he came in before the Board and presented the contract.

A Well, sir, I don't know that I could repeat his words. Certainly, he presented the contract, and we were aware of the contents, or made aware of it at that time. And each of us was presented with a copy, which we studied.

Q You got a copy of the contract when Mr. Hightower first presented it to the Board?

A Either that or a day or two following. I couldn't say exactly.

Q Did anybody else address the Board on this subject at that time?

A I think there was some general discussion. Possibly everyone in the room or each of the Board members, possibly discussed some phase of it or maybe the County Counsel.

Q Do you remember whether or not the County Counsel, Mr. Ogle, said anything to the Board about this contract at that meeting?

A No, sir. But if he didn't say anything to it, I think it is his duty to inform the Board as to their legal actions and he was aware of the contract and if he thought there was something wrong with it, he surely would have spoke up.

Q We just want to know what you know about what happened, not what should have happened. But just what

did happen?

A It is possible that Mr. Ogle entered into the discussion, yes.

Q After this first meeting that you have described where Mr. Hightower presented a contract and before the meeting where the Board acted on the contract, was there another meeting in between where this was discussed by the Board?

A Well, it would have just been one Board meeting or one Board meeting date in between January 31 and the 14th, which would have been probably February the 7th. I don't remember any discussion on February the 7th. But each of the Board members had a copy of the contract and studied it, and I think we possibly talked about it in the halls or in our own offices. I don't remember all of the conversations about it, but officially I don't think -- January 31 and February 14th would have been the time it would have been officially discussed.

Q Between the time Mr. Hightower first presented the contract to the Board, and the date when the Board acted on the contract, do you recall any Board meetings, regardless of what exact date it was on, when during the Board meeting there were any appearances or discussions regarding this contract?

A Not that I remember, sir.

Q Do you remember the Board meeting when the contract

was acted on by the Board?

A February 14th?

Q Yes.

A Yes, sir.

Q Would you tell us what happened then on this subject?

A I think it's been testified there was rumors there was possibly an impending --

Q We don't want to know from you what somebody else testified to. We have got reporters taking it all down, and we heard them. We want to know what you remember about what happened yourself?

A Well, I would agree I was informed, I can't remember what source, there was a possibility of a stop order or litigation of some sort that would stop the Board from entering into this contract and actually, our only reason for entering into contract with the American Marine Exploration Company is that they were to finance the legal end of this so-called battle and if we get involved in a lawsuit by the State prior to the date of the agreement, that the County would certainly be liable for the expense of litigating the matter and our only object in agreeing or entering into this agreement with the American Marine Exploration Company was that they would finance it.

Q Was this discussed at that Board meeting on

February 14, 1956?

A Not that I remember.

Q When was all this discussed?

A The financing angle?

Q What you have told us.

A I don't know it was discussed. I am telling you my thinking. I can't tell you what the other Board members think.

Q Tell us what happened at the Board meeting of February 14, '56?

A A time was set up for a hearing and the contract was agreed upon by the Board and acted on.

Q Did anybody address the Board on the subject?

A I don't remember just how it came up, whether the clerk presented it or Mr. Hightower was there, I can't tell you, sir.

Q You don't remember anybody speaking, whether anybody spoke to the Board on it or not?

A No, sir. I think our records would probably show that they did.

Q Do you remember any particular argument or discussion among the Board members at that meeting on the subject?

A I can't remember any argument, sir.

Q Well, anything that was said?

A Well, I think it was agreed -- I mean when it was

put to motion and adopted, I think there was one dissenting vote. I can't remember arguments at that time. There might have been some discussion, but I don't remember.

Q On February 14th, do you recall that the hearing date having been scheduled for later in the month was advanced to the 14th?

A Yes.

Q Has the Board done this in other cases when something is scheduled ahead to take it up in advance of the hearing date?

A Sometimes when an attorney is representing a client that is going to leave town or something and it is a matter of controversy, it has to be done.

Q Have you done this in cases where there are opposing parties without notifying the other parties?

A No, sir.

Q You don't recall ever doing that?

A No, sir.

Q Did anybody during this period you have talked about, from anywhere, talk to you and tell you either privately or during the Board meeting and say they objected to this contract?

A No, sir.

Q You don't remember any objections being presented?

A No, sir.

Q Either during a Board meeting or outside of a

Board meeting?

A No, sir. There was one vote, one negative vote on the adoption of the contract.

Q Do you know Mr. Andrews, who testified before our Committee in Los Angeles?

A Yes, sir.

Q Mr. Andrews told us he represents some association of property owners in Orange County.

A Mr. Andrews does represent the South Coast, yes. He represents the group from the South Coast in the Laguna area and they are very concerned with oil development in that area and I think Mr. Andrews is a very dedicated man, very sincere person, and I don't think there is anyone on the Board that disagreed with their views.

Q How long have you known Mr. Andrews?

A Possibly the last year.

Q Was Mr. Andrews present at any one of these Board meetings where the American Marine contract was discussed or acted on?

A I think he was.

Q Do you remember whether Mr. Andrews spoke to the Board at any one of these Board meetings?

A Mr. Andrews, I don't doubt was concerned in regard to the planning of the area. It was his prime interest and it was my impression --

Q I just wanted to know did he say anything to the

Board at one of these meetings?

A He could have. I kind of think possibly he did. He is concerned for his area.

Q Do you remember whether he was supporting the contract or what he was saying?

A I don't remember whether he -- I don't think he supported it. I don't think he objected too strenuously, as long as the oil development wasn't allowed in the Laguna area on the South Coast.

Q This is something Mr. Andrews told the Board at that time?

A No, sir. But I am aware of Mr. Andrew's actions in his meetings with the Board affecting zoning and planning, and the prohibiting of the exploration or development of oil drilling in the area.

Q Did Mr. Andrews say anything to the Board about the American Marine contract before it was finally adopted?

A At the hearing?

Q Or outside the hearing?

A Not to my knowledge. He, I think Mr. Andrews spoke, but I don't remember his exact wording.

Q Is it your understanding that the American Marine contract covers the entire Orange County coast line, as other witnesses have told us?

A I think it does, but I think we would be subject to the zoning laws prevailing in the County.

Q Do you think you have a right to change these zoning laws to stop oil drilling where you don't want it to go in?

A Yes.

Q Have you been advised in a letter from Mr. Adoue, recently, objecting to a proposed oil code, that that would be a violation of the contract of the American Marine?

A We have very recently adopted an oil code in Orange County, but there are always objectors to anything that is proposed, generally.

Q Did you get a letter from Mr. Adoue making this objection?

A I don't remember a letter from Mr. Adoue.

Q You don't?

A No.

Q Do you remember that an oil code was proposed earlier this year?

A Regulating the drilling of oil or the exploration for oil.

Q Do you recall a letter being presented to the Board of Supervisors from the American Marine objecting to this oil code?

A No, sir.

Q I am sorry --

A No, sir, was my answer.

Q You don't remember that?

A No, sir. It is my opinion, sir, that the zoning laws would prevail over the exploration in the area. We are very much in sympathy with those cities. We have a common problem. We are not antagonistic to their ideas. We are in sympathy with them and we are trying to help them solve their problems.

Q What cities?

A Any city along the coast, Newport Beach, Laguna, Mr. Andrews' area. Any of those areas, they are under-developed and over-populated, and they have a problem. I mean, over-populated on weekends when all the people from the warmer inland counties come down to our beaches and try to enjoy the cool weather down there.

Q Getting back to these Board meetings when this contract was taken up, you have mentioned two people who spoke to the Board on this subject; Mr. Hightower when the contract was first presented, and Mr. Andrews at one of the meetings.

A Yes, sir.

Q Do you remember anybody else speaking to the Board at these meetings?

A No, sir.

Q Was there any discussion during these meetings as to whether or not this American Marine contract included the Newport Beach City area?

A I think there was some discussion of it afterwards

that it might possibly include the Newport Beach area.

Q How about Laguna Beach, was that discussed during these Board meetings?

A No. It could be included in the area and still prohibited as far as zoning is concerned.

Q Does the contract with American Marine prohibit any drilling anywhere?

A Sir, I still think that the zoning laws would prevail.

Q Well, do you recall whether there is anything in the contract on the subject?

A No, sir.

Q Do you remember whether or not at these Board meetings there was any discussion as to whether or not the American Marine contract covered the Seal Beach, Huntington Beach area that is now under lease by the State of California?

A I think it stipulates the County area.

Q It covers all of that?

A That is my impression.

Q That was your impression at the time you voted on the contract?

A Yes. Yes. It would cover all of that except that which would be prohibited by zoning. I mean, it could cover the area --

Q It would cover what was already under lease

and pumping oil, in other words?

A Well, if Orange County has a right to the tideland oil, the present development would be included, in my opinion. I don't know how you could exclude it.

Q I just want to know what your understanding was.

A I am just trying to give you my impression, sir.

Q All right. Thank you.

You were here yesterday, I believe.

A Yes.

Q When Mr. Featherly testified to a meeting or a conference between four members of the Board; I believe he named you as one of the members?

A Yes, sir.

Q With Mr. Ogle, in Mr. Ogle's office, about the American Marine contract. I am sorry. He said it was in somebody else's office.

A To my memory, I remember hearing Mr. Featherly testify, I think it was in Mr. Kaiser's office, which was right across the hall from my office, and I just merely stepped across the hall for the meeting.

Q Do you remember that occasion?

A Yes.

Q What happened then?

A At the meeting?

Q Yes.

A Well, it was discussed to the Board -- presented

to the Board, I think Mr. Ogle presented the proposed lease and the possibility that Orange County had a right to these tidelands, and I don't think anyone on the Board or anyone in Orange County that isn't aware of the fact that we think that we are very much entitled to some of the revenue from the tideland oil that is developed in Orange County.

Three counties of the State apparently are contributing into this tideland oil fund, and Orange County contributing the share that it has, and the consideration it has received from the State Lands Commission or the State Parks, has got everybody down there in a state of mind that they feel that something should be done. I personally am of the opinion myself that seeing how those monies are allocated to the different departments of the State, that certainly doesn't look like a fair or democratic way of doing business when monies like that can be contributed into a general fund of the State and, derived from such a small area, it's my opinion, certainly, that a person in government, be it county or state or whatever it is, if the benefits of those monies are going to be divided county-wide or state-wide, the expenses should be shared the same way.

Q Is what you have just told us, was that discussed at this same meeting in this supervisor's office?

A Yes, I think so. I am just telling you what has been in the back of the minds of a good many people I

have talked to on my own.

Q Tell us what was said at this meeting in Mr. Kaiser's office with four members of the Board and Mr. Ogle present?

A It was -- there was a good possibility we had a lawsuit and my impression was, certainly, if we had a company that was willing to finance the entire transaction, there was a possibility of some justice being done as far as the people of Orange County were concerned.

Q Who said this company was willing to finance the entire transaction?

A It was my impression it was in the contract. I heard yesterday there was a resolution adopted later that apparently corrected some wording in it, but our sole reason for dealing with the American Marine Exploration Company is that they were to finance the entire legal transactions, what it would cost the Orange County taxpayers, anyway. It would cost us something, I suppose, as far as the State is concerned, but as far as Orange County was concerned, there was no expense.

Q If Mr. West dropped this whole deal tomorrow, from a personal standpoint, is it your understanding that Orange County has some rights to compel American Marine to go ahead?

A Sure, I think Orange County has the right. I don't know who is going to go ahead, but eventually,

I think justice will be done in that case.

Q This meeting in Mr. Kaiser's office, was Mr. Warner present?

A No, sir.

Q Why not?

A I didn't call the meeting, sir, I just was invited across the hall. I was an invited guest. I wasn't conducting the party.

Q Who invited you?

A I think Mr. Kaiser. It was held in his office.

Q Who was there when you arrived at the meeting?

A I don't remember whether I preceded any of the other gentlemen or not, but the people at the meeting were Mr. McFadden, Mr. Featherly, Mr. Kaiser, Mr. Ogle and myself.

Q Was this a public meeting?

A It was in an office. I don't suppose there were any locked doors, but there was no invitation hanging on the door either.

Q When was this meeting?

A I couldn't give you an exact date, sir. I think we talked about it a couple of different times. It was prior to February 14th, I would say that.

Q Was it before January 31?

A I don't think so.

Q When did you first see a copy of this American

Marine contract or any drafts of the proposed contract?

A You asked me that once before, and it was some time in either January 31 or shortly thereafter.

Q Did you see the contract or any drafts of the contract before Mr. Hightower appeared in front of the Board at a public meeting and presented it?

A I don't remember the exact sequence of events, but it is my understanding that I didn't -- I received it after this presentation.

Q I believe you were present when we had the testimony from Mr. Hightower that he had for a period of at least two months, he said, prior to January 31 had been negotiating this contract with Mr. Ogle and obtained drafts of the contract?

A That could be. But I don't remember seeing any of the drafts.

Q Were you aware during the period of December, 1955, and January, 1956, that Mr. Ogle was negotiating this contract?

A I don't think so.

Q Had you talked to Mr. Ogle about this or any of his deputies?

A I don't think, prior to January 31st.

Q Did you talk to any other supervisors about these negotiations?

A If we weren't aware of the negotiations, we

couldn't have talked about it, sir.

Q Do you know who authorized Mr. Ogle to negotiate this contract?

A If it was official authorization, I am not aware of it.

Q If I understand you correctly, you first became aware of the negotiations and proposed contract when Mr. Hightower presented it to the Board?

A On January 31st.

Q All right, after that. You told us you read the contract, you talked to other supervisors?

A Certain portions of it were discussed, yes.

Q Were any changes at all made in the contract after you first saw it?

A Apparently reference was made to a resolution clarifying a portion of the contract at a later date that was adopted. The resolution was adopted, but I don't remember the exact portion that was clarified or what the correction was.

Q From the time the proposed contract was first presented to the Board until it was by motion adopted by the Board, were any changes or drafts or rewriting or negotiations done on the wording of the contract?

A You mean at the time the contract was approved and the adoption of the resolution correcting that certain portion?

Q No. You have told us that your whole participation in this was limited to the time when Mr. Hightower presented the contract to the Board until the Board by motion adopted the contract.

A Yes, sir.

Q The dates are reflected in the clerk's records?

A That is my impression, sir.

Q During that period were there any changes, drafts, rewriting, negotiating changes made in the proposed contract?

A Not to my knowledge. I perhaps should correct that. I will say none that I remember.

Q What business do you have aside from being a member of the Board?

A At present?

A Yes.

Q I have an orange grove. I live in an orange grove. I don't know whether you would call that a business or not.

Q Farmer?

A Yes, sir.

Q Before you went into farming in this orange grove, what business were you in?

A I was in the agricultural pest control business for many years.

Q When did you go out of the pest control business?

A After one year on the Board. I was under the impression I could continue my business and serve on the Board at the same time, but I soon changed my ideas.

Q Are you familiar with the Newport Dunes project?

A Yes, sir.

Q What is that?

A It's a contract.

Q Describe it for us briefly. We haven't gone into it.

A Physically, what is it?

Q Just tell us what Newport Dunes project amounts to?

A You mean what is our financial arrangement or our physical --

Q We haven't gone into it at all. I am asking you to describe it to us in a nutshell.

A Well, I will say one thing. I will say if Orange County would have received the tidelands oil money it was entitled to, the County would have developed it.

Q What is Newport Dunes?

A It is a contract with the Newport Dunes people. It is a recreational project in the Upper Newport Bay Development in there for recreational purposes, for parking, boating, and swimming, that these people with which we entered into the contract with, the Newport Dunes people, installed this, and return certain revenues to the County

of Orange.

Q Do you remember approximately when this contract was entered into with these people on Newport Dunes?

A No, sir, but it has been since the time of the American Marine Exploration.

Q What is the name of the people you contracted with on this development to develop Newport Dunes?

A I know them, but I don't remember their names right now.

Q Do you know the names of any individuals connected with it?

A Yes.

Q Who?

A You got me. I can't recall their names right now, sir.

Q Is it your understanding that that project is subject to oil drilling by the American Marine under their contract?

A If it was subject, sir, I don't doubt that it would be eliminated through a zoning ordinance. Certainly, we wouldn't develop something as nice as that and put oil wells in the middle of it.

Q Has the Board made any effort to take effective action either by agreement with the American Marine or by zoning to prevent oil drilling in that area?

A Sir, we don't have a working arrangement with

American Marine Exploration yet. We are in no position to do any leasing and should that threat ever be realized, there is no doubt there would be prompt action by the City of Newport and by the County of Orange, both because we work together in harmony and we have a common problem.

Q Is it your feeling that Orange County holds title to all of the tidelands up and down the Orange County coast?

A I don't know whether they hold it or not. I think they should.

Q What is your personal feeling as to whether or not Orange County has that title?

A Sir, I can only tell you as to my feeling and I think I expressed them just a moment ago. I think the exploitation of a natural resource in a community to the benefit of the whole State is unfair to that community and I can see no difference between that and the taxing of the community for the benefit of the whole State.

Q Suppose the exploitation is done not for the benefit of the State, but by some private agency for the benefit of the private agency; would the same problem arise?

A It would be done that way, there is no question about it. But the local entity would be receiving some of the revenues.

Q How?

A By a lease arrangement. The same way the State

leases it at present.

Q Suppose Mr. X owns a gold mine here and he is taking gold out of the ground. How would the county or city get any revenue out of that?

A They apparently don't. This is our objection. The State doesn't get any revenue out of the other natural resources of the State, talking about gold, timber, what have you, or lumber. But they do out of oil. We happen to have oil.

Q You have got private oil operations in this county like the Crawfords that have this big development at Sunset Heights. How does the County get revenue from that?

A Some revenue, sir. That is on private land.

Q In what way do you get the County revenue?

A They are taxed.

Q Ad valorem tax?

A Yes.

Q Does the County have an ad valorem property tax with the oil leases under the State?

A I assume they would.

Q You have told us you think the County should get a share in these revenues, but you haven't told us whether or not you think the County presently holds title to this tidelands under grant. We would like to know whether you have an opinion on that.

A It is my impression that is to be decided in the pending lawsuit.

Q Do I understand you have no opinion on that subject?

A I don't say -- I won't at the present time say I have, but I will say I think they should have.

Q When did it first come to your attention that somebody in Orange County was claiming that the County had this title?

A Well, we have been aware of the situation for many years. I was connected with the city government in the City of Orange prior to that time and I think as a private citizen before I was in any kind of government, I was aware of the tidelands oil thing. Lots of people talk about it and they will talk about it from now on until the thing is handled in a more equitable manner, in my opinion. I can't say when the first time is that I ever thought about it.

Q Do you remember whether you ever discussed this subject with Mr. Ogle?

A Prior, I don't think so, not prior to the time this contract came up.

Q Did you discuss it with Mr. Ogle when the contract came up?

A It could have been discussed any time. It was a matter of conversation, because I think I have talked with

many people about it over a period of years, because the people of Orange County, I don't think are unaware of what has transpired down there and they are not unaware of the fact that the amount of money they are contributing into the State tidelands oil fund and the amount of consideration they have received through their applications. As was mentioned yesterday, our State representatives, they are apparently -- all that I am aware of is the result, sir.

Q You have told us in relation to the proposal of the American Marine contract and the meetings, the adoption of it, of three meetings of the Board where there was some reference to it, including the one where it was presented and the one where it was adopted and this meeting in Kaiser's office, in addition.

A There might have been two or three meetings. I mean, meetings that certainly -- discussing certain points. I might have met Mr. Kaiser and Featherly in the hall when we discussed a certain portion of that agreement.

Q Did you?

A Yes. I can't remember the points under consideration or topic of conversation, but it was a lengthy lease and we discussed certain portions of it at different times.

Q You are sure you discussed the lease, the proposed agreement with Mr. Featherly and Mr. Kaiser?

A Mr. McFadden and Mr. Ogle.

Q Mr. McFadden, Mr. Featherly, Mr. Kaiser and Mr.

Ogle?

A Yes, sir.

Q In addition to the meeting in Mr. Kaiser's office, you discussed this proposal with these people?

A It might have been just the topic of conversation as we were walking down the hall or something. Nothing, certainly, of any great consequence. We were trying to clarify in each other's minds exactly what was in the lease.

Q Regardless of where it was, you do recall discussing it with these people?

A Yes, sir. I can't remember the topic of conversation or the particular points discussed, but we were all trying to become as familiar with it as we could and trying to see if it was equitable and fair to the people of Orange County.

Q Did you discuss the proposal with Mr. Warner?

A I don't remember, sir.

Q During these meetings and discussions you have told us about, did you find out anything about who was American Marine?

A No, sir. American Marine was just a name to me, sir.

Q The name of a person, partnership, corporation, --

A It was the name of a company, we presumed, because certainly, it wasn't the name of an individual.

Q Did you check into the financial condition of this company?

A No, sir.

Q Or whether it was incorporated or not incorporated?

A The only thing we were under the impression is, they had money and they were willing to fight.

Q Who said this outfit had money?

A I said I was under that impression. I don't remember who said it. I assumed that anybody who would take on a task of the magnitude of this one would certainly need some financial backing.

Q Let us go back to the meeting you had in Mr. Kaiser's office and the discussion you have told us about that took place there.

Was there any discussion about that time at that meeting relative to advancing the hearing date on this contract?

A No, sir. I had no knowledge of advancing the hearing date until the morning of the 14th when it was adopted. In fact, as we were going in the Board room, as I remember, there was a rumor -- I can't remember who said it or anything, there was a possibility of some pending litigation or stop order and it behooved us to act on the contract with the American Marine Exploration.

Q Is that the reason you apparently voted to advance

the hearing date?

A Yes, sir.

Q Based on a rumor?

A Yes, sir. Rather serious consequences, sir.

Q It was a serious step, too, wasn't it?

A That's right. I think the matter was a legal matter. I don't think we acted illegally.

Q Do you remember whether or not during this period of conferences and meetings you have already described leading up to the approval of the American Marine contract, that you talked to anyone about it other than the individuals whom you have just named?

A No, sir.

Q Do you know a Mr. Ferrer? Bill Farrar?

A No, sir.

Q Did you ever hear that name?

A Bill "Farr, F-a-r-r", but not a Bill Farrar.

Q Rhae Foust?

A I have never met Mr. Foust, sir.

Q You have never met him?

A No, sir. I wouldn't know the gentleman if he walked in.

Q Mr. Lambert, Al Lambert; do you know him?

A No, sir.

Q Cockburn?

A I don't know the gentleman. I just heard he was

present at the time the contract was signed by the American Marine Exploration.

Q Have you ever met anybody connected with the American Marine other than Mr. Hightower, whom you have told us appeared before the Board?

A Yes. Mr. Forgy and Mr. West. I met those gentlemen, who, I assume are connected with the American Marine.

Q Have you met any other people connected with American Marine?

A I don't remember.

Q Do you know Matt Parr?

A No.

Q What portion of Orange County does your district cover?

A My district?

Q Yes.

A The northeasterly portion. There is none of my district that is concerned with tidelands, sir. But we look at this thing as a County problem. It isn't a district problem.

CHAIRMAN ALLEN: I would like to introduce at this time Assemblyman Phillip Burton, from San Francisco, and Richard Hanna, from Orange County.

Any questions from the Committee?

ASSEMBLYMAN HANNA: Yes.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Hirstein, in connection with the contract, Mr. Allen has asked you if any significant changes were made by the Board of Supervisors after you became acquainted with it on January 31st, and prior to your adoption of it on February 14th.

Did anyone ever say anything to you about the restrictiveness of the offer? In other words, was it your impression that this was the best offer that you were going to get? Was this an offer presented to you on a take it or leave it basis?

A As far as I was concerned, it was the only offer.

Q Was it your impression this was a take it or leave it offer in essence?

A Yes. Aren't most of them?

Q Did you yourself propose or make any discussions of any changes in any portion of the contract?

A I did not make such a proposal. There was one clarification, apparently, in the subsequent resolution that was adopted by the Board clarifying some of the language in the contract, is the only thing I am aware of, Mr. Hanna.

Q You say that the only persons that you have become acquainted with in the American Marine Company was

Mr. West. Wasn't there a change adopted in the original Camden-Dayton agreement in 1955 by the Board while you were a member of the Board?

A Reference was made by Mr. Allen a few minutes ago that early, apparently January 4th, 1955, there was some action taken. But I don't remember.

Q You don't know at that time whether there was anybody in connection with the Camden-Dayton company that was present before the Board relative to that matter?

A There might or might not have been, sir. I wouldn't remember. I didn't know the people that were connected with the Camden-Dayton people, so they could have been there and I wouldn't know it.

Q Is it your impression that Mr. West, whom you say you have now met, was a member of the American Marine Company at the time that you adopted the contract?

A I met Mr. West first in Los Angeles at the start of these hearings. That is my understanding, that he was not.

ASSEMBLYMAN HANNA: No further questions.

CHAIRMAN ALLEN: Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q Referring to your conference that you had in Mr. Kaiser's office --

A Yes.

Q -- with the four members of the Board there, as

I understand it?

A Yes.

Q Everybody except Supervisor Warner?

A Yes.

Q Was it decided at that time that the contract would be accepted?

A Sir, we just were discussing it. The theory was advanced that there was a possibility that we had a lawsuit, and there was a company that would be willing to prosecute it on behalf of Orange County and themselves.

Q Well, you had the contract at that time, didn't you?

A Yes.

Q So you --

A I mean, we had it, but it had not been adopted.

Q Yes. But you were discussing the contract which contained the offer on the part of American Marine to do just this?

A That's right.

Q And was it decided at that meeting that you would adopt the contract?

A I don't think so. We don't normally decide what we are going to do outside of Board meetings.

Q Well, I don't mean in the form of a formal vote. Was it agreed among you that this was all right?

A I think there were discussions. We were taking

it apart.

Q Did anybody of the four feel that it should not be adopted?

A No, sir. I won't say that they didn't think this contract should be adopted, but they were in favor of a contract that would accomplish the ends that I have stated.

Q Did you decide yourself at that time that you would vote for it when it came up?

A No, sir.

Q Was there anybody from Mr. Ogle's office there?

A I think Mr. Ogle was there.

Q What did he say concerning the contract, sir?

A I think his only comments were, as I remember, he was trying to clarify the legal meaning of some of the phraseology in the contract.

Q Did you have a question concerning any of the legal meanings?

A I think he was asked some questions and answered.

Q Did you ask any?

A I can't remember, sir. I could have.

Q Was there any discussion relative to the financial responsibility of this company?

A No. That no doubt was discussed several times. There is a possibility, I knew of no way we could investigate the financial responsibility of the company.

Q Did you ask Mr. Ogle if there was any way you could investigate the financial responsibility of the company?

A I don't know whether I posed that question to Mr. Ogle or not. It could be possible. It could have been in the minds of any of us, and someone else might have asked the question.

Q You knew at the time the limitation upon the financial responsibility of the company, as far as the law is concerned, is just the assets of the company itself?

A Yes.

Q That even though an individual that is connected with the company might have great individual wealth, that they are not necessarily liable to that extent?

A Yes.

Q Getting to the meeting on the 14th, you testified that Mr. Andrews was there and that he was speaking for the Coastal Protective Association.

Did he speak in opposition to the contract?

A He may have been concerned as to just what was involved, and I think he should be, and probably would be.

Mr. Andrews has been a very dedicated person, as I have stated, and has been very much in concern as to what went on on the South Coast.

Q Was anyone else with Mr. Andrews?

A There could have been.

Q Do you recall anyone else testifying?

A I think Mr. Ogle -- Or Mr. Andrews. Whether he appeared on any matters, I can't think of the gentleman's name, but he is an attorney in the area that accompanied him on several --

Q As a matter of fact, Mr. Hirstein, didn't Mr. Andrews and Mr. LeRoy Lyon, former Assemblyman both testify in violent opposition to the contract?

A I don't remember it, sir. They testified very strongly in favor of the zoning in the area.

Q Well, that is in connection with the recent oil ordinance that has been adopted by the County?

A That is right. And also the prohibition of the drilling of oil and development of oil in that area.

Q So didn't Mr. Lyon point out to you and Mr. Andrews, also, that the State had a limitation on drilling in the South Coastal area under the provision of the Shell-Cunningham Act and that this contract contained no such protection for that area? And wasn't that the basis for their concern?

A It could have been. I am not aware of that act, sir.

Q Pardon?

A I am not aware of the Shell-Cunningham legislation.

Q Mr. Lyon, having been a member of the Legislature

at that time, was testifying regarding it and that was one of the purposes for coming there, was it not?

A Yes, that's right.

Q And no one from the City of Laguna Beach or Newport Beach was notified that this was going to be taken up on the 14th, were they?

A I don't think so, because I don't think that -- I mean, I had no knowledge it would be taken up until the morning of the 14th, myself.

Q By my mentioning of the presence of Mr. Lyon and Mr. Andrews, does that refresh your recollection that they did come before your group?

A I know they appeared in behalf of the South Coast Protective Association on several instances. And I think the Board is pretty much in sympathy with their pleadings and their feelings.

Q But there wasn't any change made in the contract, nor did they --

A I still think, sir, that the zoning laws would supersede an agreement in the contract.

Q Was there any discussion as to whether or not there should be an open bidding for the right to represent the County or to enter into a contract with the County to advance the County's position that this should be offered to whatever company or group of companies might be interested?

A I heard you pose that question to other people and I sat there and I wondered just how the County might go about securing bids on something like that. Would you advertise the fact you wanted a group of attorneys with several million dollars to prosecute the oil problem in the County of Orange?

Just how would you advertise something like that? And how many people do you think you would have to bid on something like that?

Q On other County property that is available there has been competitive bidding and different contracts and proposals offered. For instance, in the Newport Dunes --

A Yes, but the topic of our discussion is the tidelands right now.

Q Right. You asked me how, however, this could be done.

A Has it ever been done? Is there a precedence?

Q For tidelands?

A I mean a situation such as this. How would you advertise for bids?

Q Well, although we are getting into a collateral issue, but you are perhaps familiar with how it was done in the Long Beach area?

A We are getting into an impossible situation, in my opinion.

Q In the Long Beach area, and also the other

tideland areas.

A Did they bid for attorneys with capital to fight the State?

Q As part of the consideration?

A In getting our rights approved --

Q You were aware of the fact that the State was receiving an average of 24 per cent royalty on this same area, were you not?

A That is one of the inequities of the situation, in my opinion.

Q That the State should get more or less?

A No. I don't think they are entitled to it.

Q You don't think they should get any?

A Well, they would probably get some tax, certainly. But I certainly think the City of Long Beach, County of Los Angeles, County of Ventura, whoever it is, should certainly participate in the benefits.

Q Did it occur to you that the County should get at least as much as the State gets out of it?

A I would like to see the County get enough out of it to develop some of the recreational facilities that are needed so badly in Orange County, and I can't see why, with the State Land Commission, I can't think of a place where it is more sorely needed.

Q I certainly will agree with you, but my question is don't you feel the County of Orange, if they owned the

tidelands should receive as much revenue now, at least in the Huntington Beach area, the areas that are clearly set out --

A Yes.

Q -- as the State of California now gets, based on leases that were entered into back in the '30's?

A Well, let's remember, the State of California was handed the tidelands oil. Orange County is not being handed it.

Q But you are not answering my question.

A Indirectly, I am, sir. We are having to fight for it. It was handed to the State.

ASSEMBLYMAN SUMNER: No further questions.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Hirstein, you voted for this contract with American Marine. Were you under the impression that American Marine was a group of attorneys with several million dollars to put up for this litigation?

A Either that or they were in the position to get the attorneys.

Q Where did you get this impression?

A Sir, that is the only procedure there would be.

Q Pardon?

A There was litigation involved there and you would naturally think of attorneys and experts.

Q You told us when you voted on the contract, you were under the impression the American Marine was a group of attorneys or had access to a group of attorneys with several million dollars.

A I think I misled you, sir, if that is the reaction you got to my testimony.

Q Let's go back. You told Mr. Sumner something about --

A What we would advertise for.

Q Wanting a group of attorneys with several million dollars. Did you think you were getting that?

A A group of attorneys or corporation that was in a position to litigate the situation.

Q Did you think when you voted on the contract that you were getting a contracting party with several million dollars to litigate this question?

A Apparently I was under the impression we were negotiating with the party that was in a position to litigate the situation, yes. Not necessarily attorneys, I don't think, but the company was comprised of attorneys.

Q Were any attorneys connected with the company?

A I can't say, sir. I would think they would necessarily need to engage some attorneys.

Q Where did you get this impression that the American Marine either had money or had access to money?

A Well, you just naturally have to have money to do

a thing like that.

Q Who told you the American Marine had money?

A I suppose I surmised it.

Q You just assumed they did?

A That's right.

Q You didn't know whether American Marine was a contract, a corporation, a partnership, or what?

A I assumed it was a corporation. I think it is so designated as a corporation, is it not?

Q How much do you think these tidelands are worth to be covered by this contract?

A I have no idea what they are worth, sir. My concern is that the benefits of tidelands accrue to the people to whom they should accrue to.

Q How much does the present oil production amount to in terms of dollars per year or barrels of oil?

A In the tidelands?

Q Yes.

A I have the figure, sir.

Q Do you have them with you?

A Yes. Do you want to see them?

Q Yes.

A This is a copy, I think, of the State tidelands. That is by years.

Q This is in Orange County?

A No. If you will notice the heading on that paper,

it states "Tidelands Oil".

Q Let's get down to the tidelands oil production you were talking about on this deal with the American Marine.

A Well, \$5 million has been rumored, but in going over those figures, if Orange County is contributing 85 per cent of the money that goes into the tidelands fund, it certainly exceeds by far \$5 million.

Q Do you mean it is your understanding the oil production on State leases on the Orange County coast today is over \$5 million a year?

A Sir, I would have no way of knowing.

Q When you voted on this contract, you knew that it ran into millions of dollars a year, didn't you? You knew that when you voted on the American Marine contract?

A I was voting for a right, sir. I think the rights belong to the people of Orange County, whether it's one million or several million.

Q You made your position clear, but didn't you know when you voted on the American Marine contract that the oil production, the present oil production runs into millions of dollars a year?

A Yes. We assumed it did.

Q Did you know that you were taking a contract on the same area for a lower royalty than the State is getting.

now?

A Taking a contract for some royalty for the County of Orange.

Q Did you know it was less for the same leases, the same wells than the State is getting there now?

A Orange County couldn't get less.

Q You haven't answered my question.

A Yes, it would be less.

Q Did you know that? When you noted on the American Marine contract?

A Orange County's share would be less than the State's, yes.

Q You knew the royalty was lower?

A Yes.

Q How did you know that?

A I didn't know what arrangement the American Marine Exploration was going to make with the oil companies on their leases, but I was aware of the County's participation in the revenues.

Q Did you know what American Marine was going to pay the County was less than the present operators are paying the State on the same property?

A Yes.

Q How did you know that?

A I think the State is receiving a hundred per cent of the revenues of the negotiations that they make with the

State -- or with the oil companies. Orange County would receive one-sixth.

Q Do you think the State gets a hundred per cent royalty?

A No, sir. Whatever your figure was, 22 or 28 per cent, but I mean all the royalties would accrue to the credit of the State whenever there was oil. Certainly, you are not going to have oil companies paying a hundred per cent royalty.

Q I want to know what you found out or knew at the time you voted on the American Marine contract as to how much royalty the State was getting from its oil operators?

A No, sir.

Q You didn't know?

A No, sir.

Q Did you ask anybody?

A I don't know if the State takes any particular pains to inform us as to what royalties they are getting.

Q Did you ever meet Mr. Frank Hortig, H-o-r-t-i-g?

A No, sir. I never heard the name that I can remember.

Q Did you ever talk to anybody from the State Lands Commission about how they do business with these oil operators, methods of operation, royalty rates and that sort of thing?

A No, sir. We have Assemblymen and Senators from

Orange County. We delegate that little duty to them.

Q Did you talk to anybody when you went into this American Marine contract for advice about the oil business royalty rates, drill sites, and all that?

A No, sir.

Q Who was to provide the drill sites on this American Marine contract?

A What?

Q Who was to provide the drill sites on this American Marine contract?

A I think that would be a matter of negotiation with the American Marine Exploration Company.

Q Were you aware that the contract states that the County Board of Supervisors is to provide the drill sites?

A We are to provide the drill sites?

Q That's right.

A My impression to that was we would agree that certain tideland oil, where it was not prohibited by zoning, there would be permission granted to drill.

Q I show you a photostatic copy of a letter dated May 9th, 1958, addressed to the Orange County Board of Supervisors naming them individually, including yourself, signed by American Marine Exploration Company, Inc., by Jacques P. Adoue, Secretary.

I would like to know if you ever saw that letter or a copy of it before?

A Do you want me to read this entire letter?

Q I just want to know if you ever got a copy of such a letter. The copy we have is a copy of the letter addressed to you. We got it out of the files of American Marine.

We will take a five minute recess while you look that over.

(Short recess)

EXAMINATION

BY CHAIRMAN ALLEN (Continuing):

Q Mr. Hirstein, have you finished examining this?

A I haven't read all of it yet, but I think the portion you were questioning me about regarding drill sites --

Q Tell me, do you recognize the letter as being one which you have in the past received a copy?

A Yes.

Q Did you receive it on or about the date of the letter?

A This bears the date of May 9, '58.

Q You received your copy around then?

A I assume so. I imagine it is a duplicate copy.

Q Did you read the letter?

A Have I read it?

Q Not this morning. When you got the letter, did you read it?

A I am not sure I read all of it. There is a lot of reading there.

Q The subject matter of this letter was taken up with the Board of Supervisors?

A You mean regarding the Newport Harbor Area, the development of oil in the Newport Harbor area?

Q Was the letter discussed before the Board of Supervisors?

A I think portions of it were. I don't remember that the whole letter was read, but the meat of the thing was whether or not the contract for the American Marine Exploration covered the lands in the harbor area at Newport.

Q No, that is another letter. This letter, if you will read this, objects to the proposed oil code on the grounds it is in conflict with the American Marine contract.

A Well, sir, the oil code deals with zoning and I have mentioned my opinion of that before.

Q Was the subject of this letter of the American Marine objecting to the proposed oil code ever discussed before the Board of Supervisors?

A It could have been.

Q Was the proposed oil code adopted this year?

A Yes.

Q It was?

A Yes.

Q Were you aware at the time this oil code was adopted that American Marine was objecting to the proposed code on the grounds that their contract took priority?

A Sir, the oil code was adopted to protect them in the residential areas --

Q I just want to know --

A If they were objecting, I might have been aware of it, but I mean it wouldn't have influenced my opinion, thinking.

Q Were you aware of their objection when you voted on the contract?

A It's possible.

Q Do you remember whether there had been this objection?

A No, sir, I don't remember, but it's very probable that it possibly could have happened. I mean I can't remember the specific instance.

Q You also mentioned a letter from the American Marine Company asserting that the area within the City of Newport Beach was included in the contract, is that right?

A There seems to be a difference of opinion.

Q Hasn't American Marine asserted that claim?

A I think that they had asked for the Board's thinking on whether or not this area was included in the contract with the American Marine Exploration Company.

Q Do you remember some correspondence from American Marine on the subject?

A I think it was considered. That happened just prior to Mr. Kaiser's death. Mr. Kaiser, I think, talked to the Newport City Council about it and I could think of no reason why we would be in conflict with the City of Newport on it. My impression was that the tidelands money accrued to the people of Orange County. As far as I was concerned I would recognize the entities under which it was developed, and I am referring to Huntington Beach and Newport Beach. We have a common problem.

Q I didn't ask you what you did. I asked you did American Marine assert a claim to the area within the City of Newport?

A I can remember no action of the Board of Supervisors that would uphold their claim, whether that was the intent of the Board of Supervisors, that they should have that area, that that area should be included.

Q They did assert a claim, didn't they? American Marine.

A Yes. But as far as I know, the Board of Supervisors did not sustain their claim.

Q All right. But let's get one thing clear at a time. Did American Marine assert a claim by correspondence or appearance that the area within the City limits of Newport Beach is included in the contract?

A I think that there was some doubt as to whether or not it was with American Marine Exploration Company and they were asking for a clarification.

Q You do remember some correspondence of something on the subject?

A Yes.

Q May I have that letter?

A Surely.

CHAIRMAN ALLEN: Any other questions by the Committee?
Mr. Cook?

EXAMINATION

BY MR. COOK:

Q Mr. Hirstein, you became a member of the Orange County Board of Supervisors in January of '55, did you say?

A That's when I took office, sir.

Q Do you recall hearing the name Camden-Dayton Company?

A Yes. I have heard the name Camden-Dayton for a long time, but I didn't know too much about it.

Q What do you know about it?

A That it was assumed that the Federal scrips would probably apply to the tidelands. I don't know that. I am just telling you my impression -- what I think. And apparently there was a time limit on it and the time has

expired and there was adjudication as to the fact the Federal scrip did not apply to tidelands.

Q When did you take office?

A On January, apparently the 4th. I thought it was the 5th or 6th, but I have been corrected this morning.

Q Do you know anything about the renegotiation of the Camden-Dayton agreement?

A No, sir.

Q Do you know Al Lambert?

A No, sir.

Q C. E. Lambert?

A No, sir.

Q Have you ever heard that name?

A Yes, sir, at these hearings.

Q Anywhere else?

A No, sir.

Q Have you seen a resolution of the Board of Supervisors wherein the contract of Camden-Dayton was approved?

A What date, sir?

Q January 4, 1955.

A Have I seen it? Apparently, I was at the meeting.

Q Have you seen it?

A A copy of the written contract?

Q Of the written resolution?

A I don't think so. I don't remember any action

with Camden-Dayton on the first meeting when I took office.

Q You must have been present at that meeting?

A I must have been, sir. As I tell you, my knowledge of Camden-Dayton is very meager.

MR. COOK: I believe that is all the questions that I have. Thank you.

FURTHER EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Hirstein, I think we need to clarify just a couple of things as to what I think you are trying to tell the Committee about the subject matter of the contract.

Let me ask you this: To your knowledge are there any actual producing oil wells on any of the area that was included in the contract?

A You mean in the tidelands oil? Apparently there is.

The state is getting some revenue out of it, isn't it?

Q Were any of the producing wells now under contract to the State included in the drilling rights or the property rights that were being transferred to the American Marine, to your knowledge?

A That is a matter for the courts to decide, is it not? Existing wells or potential wells or potential

sites.

Q Let us assume that the courts have decided in favor of Orange County. Was it your understanding that any wells that were producing oil off-shore in that area included in the land that lies from the Los Alamitos Bay area to, I believe, roughly Dana Point, which is, I think, within the subject matter of this contract, was it your understanding that that production then would be under the control of the American Marine Company if that should be the decision of the court?

A I think it was a question of ownership, sir, whether the State owned the tidelands or whether the County owned the tidelands, if it is adjudged the County owned the tidelands, the existing wells would accrue to the benefit of the County.

Q If they did accrue to the benefit of the County, was it your understanding that such wells would then come under the control of the American Marine Company under this contract?

A Sir, that wasn't clear in my mind.

Q I see.

A In fact, we don't have an adjudication yet.

Q I know, but we have to think in terms of what could happen, and I am sure you must have been giving some thought to that. The part of the subject matter of the contract, without a doubt, was the lawsuit itself, which gives it the aspect of something like a pig in a poke

or at least if there was any differentiation between this and the kind of leases the State makes, where they do have unquestionable right or like Long Beach does, where it has all been adjudicated, this was it, was it not?

A Yes.

Q You did have an undecided litigation?

A That's right.

Q That also then would have been the subject matter of the suit. I am thinking in terms of your balancing off that litigation aspect of this thing as against what might have happened, assuming you won the suit. In addition to the existing wells, there would be additional drillings that could be undertaken under this contract, is that correct?

A Well, I would assume that American Exploration Company, that that would be the object of their negotiations is that they are not going to spend a lot of money to try to get title to the property and sit on their hands.

Q Under the terms of this contract, they could either do that, drill themselves or have others do it, is that not correct?

A I would think so.

Q Whatever way they handled it, the sole interest of the County, assuming they won this suit, would be a return of the royalty that is called for within the

contract, is that correct?

A Yes.

Q Let me ask you this, Mr. Hirstein: Was the emphasis in the discussion such as you had, was the emphasis more on the fact of getting this lawsuit shifted into the hands of somebody who would spend the money to prosecute it or was the emphasis equally upon what was going to be the position, assuming that the lawsuit could be won? Where was the emphasis and where do you think in your discussion the information that was made available to you directed itself?

A Sir, I don't think you ever know whether or not you are going to win a lawsuit. You can only hope. As far as the emphasis is concerned, my emphasis, my thinking on the thing is I think we have a just cause.

Q Let me ask you one other question:

Did anybody ever explain to you as a member of the Board of Supervisors personally or any group, as a member of the Board of Supervisors, what rights the State would have in the oil recovery, assuming you won the lawsuit?

A No, sir.

Q Do you understand that the State would or would not have any rights, assuming that you won?

A It is my understanding from what I have heard here that the State would have some rights.

Q Was that your understanding at the time you entered into this contract?

A No, sir.

ASSEMBLYMAN HANNA: I see. That is all.

CHAIRMAN ALLEN: Mr. Sumner.

FURTHER EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q Mr. Hirstein, you are aware, I am sure, of the letter that was written to the Board of Supervisors in June, June 30th of this year, in which the American Marine Exploration Company advanced the proposition that the Harbor District was the successor to the rights that the City of Newport Beach might have to the tidelands within the City of Newport Beach?

A Yes, sir.

Q Has a contract been considered to be entered into with American Marine to pursue the rights that the Harbor District might have within the City of Newport Beach?

A No, sir. I don't think there is any contract entered into, and as far as the Board is concerned, I don't think there ever will be, because I don't think the Board is in sympathy with that. I feel, and I think from what I have gathered about the Board room, that that which is Newport's, is Newport's, and we have no business with it.

Q Nevertheless, the fact that the Harbor District might contain lands that are within the City of Newport Beach, and under the grant that was previously made to the City of Newport Beach by the State, you are not going to advance the proposition that the County owns the tidelands interest there?

A I don't think that has been thought of by any member of the Board, sir.

Q Has that been discussed, do you know?

A Only to the extent that I know of no one that was in sympathy with it.

ASSEMBLYMAN SUMNER: Thank you.

CHAIRMAN ALLEN: Any further questions? Thank you, Mr. Hirstein.

THE WITNESS: Thank you, Mr. Allen.

(Witness excused)

CHAIRMAN ALLEN: Mr. Babson. Come forward, sir.

EDWARD J. BABSON,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your full name, sir?

A Edward J. Babson.

Q Where do you live, Mr. Babson?

A Corona Del Mar.

Q What is your occupation?

A Realtor.

Q Do you have an office?

A Yes. I have an office in Corona Del Mar.

Q How long have you been in the real estate
business in Corona Del Mar?

A For the last six years.

Q Do you know a Mr. John J. Lipko?

A I do.

Q Is he present in this room?

A Yes.

Q The gentleman sitting over here on the side of
the room?

A Yes.

Q Do you know a Mr. Joel E. Ogle?

A I know of him, and I have met him once.

Q The Orange County Counsel?

A Yes, sir.

Q When did you first become acquainted with Mr.
Lipko?

A November of '56.

Q Where was this?

A At his office in Los Angeles.

Q Do you remember the address of that office?

A It was, I think they called it the Transamerica

Building at 7th and Olive.

Q Was this in Mr. Lipko's office that you met him?

A Yes, sir.

Q What name was on the door of the office that you went to?

A There were several names.

Q Do you remember any of them?

A No, not at the moment.

Q How did you happen to be in this office at that time?

A I was there on business with Mr. Lipko. Another gentleman had introduced me to him and asked me to come to his office to meet him.

Q Was this the first time you met Mr. Lipko there in his office?

A Yes, I believe it was.

Q What kind of business were you transacting with Mr. Lipko?

A Was I transacting?

Q Yes.

A This was a mining venture.

Q Here in California?

A No. This was up in Alaska.

Q Alaska?

A Yes.

Q Did you go into business with Mr. Lipko?

A I would say so, yes. We went into the project together, that's right.

Q Was this a project that is still going on?

A No.

Q Did you meet Mr. Lipko on other occasions?

A Just in his office.

Q Did you make an investment with Mr. Lipko?

A Yes, I did.

Q In this project in Alaska?

A That's right.

Q And you still have an interest in this Alaska project?

A That is a thing of the past.

Q Did you get your money back?

A No.

Q How much money did you put up?

A A total of about 55,000.

Q Did you ever see Mr. Lipko and Mr. Ogle together?

A Yes, I did.

Q When and where?

A On several occasions while I was in Mr. Lipko's office, he called Mr. Ogle on the phone and on one occasion, he asked me to listen in on the extension to make sure that I was -- that he was talking to Mr. Joel Ogle and he asked Mr. Ogle to meet him at a certain time and it

was prearranged that after he got there, this was at Sheetz restaurant at, I believe it was 7th and Hill, I was to take him a message, which I did and the two of them were at a table and I met, he introduced me to Mr. Ogle.

Q Was this occasion at Sheetz restaurant the first time you met Mr. Ogle?

A That's right.

Q How do you spell Sheetz?

A S-h-e-e-t-z, I believe.

Q That is in Los Angeles?

A Yes.

Q What time of day?

A I beg your pardon?

Q What time of day was this meeting in the restaurant?

A Around noon.

Q Do you remember when?

A No.

Q You said you met Mr. Lipko in November, 1956. I take it it would have been after that?

A Yes. This was probably, probably in February of the following year, of '57.

Q A little over a year ago?

A That's right.

Q What happened there at the restaurant?

A Nothing. I merely gave Mr. Lipko the message so that I could meet Mr. Ogle and I left.

Q Did you talk to Mr. Ogle?

A Just to meet him.

Q Did you have lunch with the people?

A No, I left right away.

Q Did you ever meet Mr. Ogle since?

A No.

Q Did you recognize Mr. Ogle's voice at that time as being the man you listened to on the telephone?

A Yes.

Q Did Mr. Ogle say anything to you when you were there in the restaurant?

A No. He merely entered the introduction and that is all there was.

Q How many telephone conversations did you listen in on between Mr. Lipko and Mr. Ogle?

A Just the one, the one where he arranged to have me meet Mr. Ogle.

Q That was the one telephone conversation you listened to was the one that set up the meeting in the restaurant, is that right?

A That is right.

Q What was said during the telephone conversation?

A Merely making the arrangements for Mr. Ogle to come to Los Angeles.

Q Was this the same day that you met Mr. Ogle?

A Yes. It was within an hour and a half or two hours from the time the call was made.

Q An hour and a half or two hours from the time the telephone call was made, you met Mr. Ogle in this restaurant in Los Angeles?

A That's right.

Q Do you know where Mr. Ogle was at the time of the telephone conversation?

A I believe his secretary placed the call, so it must have been in his office, I presume. I don't know.

Q Do you know?

A I don't know, no.

Q What was the conversation you heard on the telephone?

A The only part that I got in on was that he asked him to come up to Los Angeles to meet him and he agreed to do so. That is all I got in on.

Q You mean Mr. Lipko asked Mr. Ogle to come to Los Angeles?

A That's right.

Q What did Mr. Ogle say?

A That he would do so and he came up as they agreed.

Q Do you remember exactly what Mr. Lipko said?

A No. He just wanted to talk to him about

something important and he wanted to see him and that was it.

Q He wanted to see him, you mean Mr. Lipko wanted to see Mr. Ogle?

A Right.

Q Were you present on other occasions when Mr. Lipko talked to Mr. Ogle?

A Yes, I was. As I remember, a couple of other occasions when Mr. Lipko talked to Mr. Ogle on the telephone.

Q How did you know Mr. Lipko was talking to Mr. Ogle?

A He told me he was calling him.

Q Mr. Lipko told you that?

A Yes.

Q Did you listen to the conversations?

A No, sir.

Q Why were you interested in meeting Mr. Ogle on that particular day in Sheetz restaurant?

A I wasn't interested at all. It was merely that Mr. Lipko had told me in the past that he had given much help to Mr. Ogle and that he wanted to prove to me that this was not merely conversation, it was actually so and he wanted me to meet Mr. Ogle. I knew nothing of what was going on or what was said.

Q You had some occasion to want to know actually

whether Mr. Lipko knew Mr. Ogle, is that right?

A No, I didn't. It was just a matter of proof on Mr. Lipko's part that it was Mr. Ogle and so I went to meet him.

Q Why did Mr. Lipko want to prove to you or did you want to see any proof that this was Mr. Ogle?

A No.

Q I don't understand.

A Curiosity, I suppose, to hear that Mr. Lipko had made claims and he was substantiating his claims.

CHAIRMAN ALLEN: Questions?

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q You mean by that that Mr. Lipko had made other claims to you that he hoped you were believing, is that right?

A Yes. Not regarding this particular situation, but other situations.

Q Did it appear to you that he was trying to build up your --

A Confidence in him.

Q Confidence in him?

A Probably.

ASSEMBLYMAN HANNA: That is all.

CHAIRMAN ALLEN: Any other questions? Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q What were these claims Mr. Lipko made regarding Mr. Ogle?

A He didn't make any claim regarding Mr. Ogle. He merely stated he had given him considerable help over the years and that -- well, to a novice that was something, too.

Q What kind of help?

A Monetary help. He had given him considerable money, he told me.

Q What for?

A I don't know.

Q You don't know if this was a business transaction or in what way --

A I don't know.

Q In other words, all you know is that he said that he knew him. Why were you interested in knowing that Mr. Lipko knew Mr. Ogle?

A I wasn't.

Q Why was Mr. Lipko interested in your knowing that he did?

A To prove his claims that what he said was true.

Q Why did you even bother to go to the restaurant?

A Curiosity.

Q You listened in on the extension and waited an

hour and a half and then went over to this restaurant out of curiosity?

A That is right.

Q What was this going to prove to you, if anything?

A That he knew this Mr. Ogle and Mr. Ogle was supposed to be a legal counsel for the County or whatever he was at the time, which I didn't know at the time.

Q Did you have your office in Corona Del Mar at that time?

A Yes, but I wasn't active at that time. I had taken off for six months to pursue this other deal.

Q What deal was that?

A This mine deal in Alaska I had mentioned.

Q Did Mr. Ogle have a financial interest in this mine?

A No. I had nothing to do with him or he had nothing to do with that.

Q This was purely in your mind to check up to see if something Mr. Lipko said was true, is that right?

A Right.

Q And had nothing to do with any financial transaction or any claim?

A Nothing to do with me, no, sir.

Q Or nothing to do with anything you were interested in or had heard about?

A Nothing to do with anything I was interested in or knew about, no, sir.

CHAIRMAN ALLEN: Mr. Burton.

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Was there any reference made to this telephone call by Mr. Ogle or Mr. Lipko when they met in the restaurant?

A No. This was, as I say, it was preconceived to do it just this way and, of course, Mr. Ogle didn't know anything about it.

Q Let me ask you this: How did you know that Mr. Ogle was the one that Mr. Lipko was talking to?

A On the telephone? Well, I presumed it was and he came up as it was supposed to be arranged and since then, I have seen pictures of Mr. Ogle in the paper and they are the one and the same that I met.

Q I am not sure it makes any difference, but it occurs to me that it might be just as likely that Mr. Ogle had already made this arrangement to see Mr. Lipko and they were going to meet, in any event. Perhaps Mr. Lipko may or may not have been talking to Mr. Ogle at the time that you overheard the conversation.

A That presumption could be true.

Q It is just possible this date was prearranged for some period of time and he happened to want to garnish

up the operation a little bit by you thinking Mr. Ogle was at his immediate beck and call.

A You may feel that way. I felt the other way.

Q I don't know. I just don't know, that's why I am --

A Well, the secretary placed the call and Mr. Lipko did not place the call and whether he instructed her to call somebody else, I don't know.

Q I am just not sure it makes any difference no matter which way it worked out, I just wanted to mention the possibility. In other words, you had never heard Mr. Ogle's voice on the phone before so you wouldn't know whether it was him or not?

A No.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q When you talked to Mr. Ogle, were you satisfied it was the same man you had listened to on the telephone or not?

A Yes. At the time, I felt it was the same person, yes.

CHAIRMAN ALLEN: Any other questions? Thank you, Mr. Babson.

(Witness excused)

CHAIRMAN ALLEN: Mr. Plumb, will you come forward, please?

HUGH J. PLUMB,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, sir?

A Hugh J. Plumb.

Q Are you the Orange County assessor?

A I am, sir.

Q How long have you held that position?

A Eight years this next month.

Q Mr. Plumb, there has been reference during our proceedings to a tax which has been collected by the County from the oil well operators under State lease totaling, I believe the figure mentioned was \$11 million up to this date.

We are interested in finding out what kind of a tax this is and how it is collected. Could you tell us something about it?

A It is an ad valorem tax placed on the value of mineral rights. The levy is made in the same manner as a levy against any other ad valorem tax.

Q It is the same kind of a tax that is made on all property owners, is that right?

A That is true.

Q How do you go about assessing the value of the property interest of one of these lessees under lease with the State? Aside from the machinery and equipment that is owned by the lessee, do you assess the value of oil in the ground or pipes or what?

A We assess the value of mineral rights in this County pursuant to the legal formula that was determined in what is known as the Sleeper method of evaluating minerals.

Q Would you give us that name again?

A Sleeper.

Q S-l-e-e-p-e-r?

A Yes, sir.

Q Is that the name of a man?

A That was my predecessor.

Q Can you explain to us how that formula operates?

A In a general way, yes.

Q Please.

A The taxpayer reports to us the number of barrels of oil recovered or produced in the last preceding year and we make due allowances for the cost of production, all facts pertaining to it. Any restriction, allowances given are ascertained from physical inspection of the property and the value of the minerals are determined from that.

Q This tax is assessed against the oil operator, is that right?

A That's right.

Q The lessee. It is not assessed against the State of California?

A No.

Q Do you know whether or not in other counties where there is oil production under contract from either the State or city or county, the same method of assessment is used?

A I am unable to answer that question. I wouldn't know. I think in the different counties, the assessor uses the method that will give him the answer. Whether it means using our same method or not, I wouldn't know.

Q Do you have any information as to whether or not in other counties the assessor assesses, places assessment on the value of this mineral right against the leases in a public body, whether they use your method or some other?

A We are operating pursuant to the State laws and I would presume that they did.

Q Have you ever discussed this subject with assessors from other counties; compared notes, so to speak?

A In a general way, yes. I have deputies to make the actual assessments and come up with the figures.

Q What I am trying to find out, Mr. Plumb, is whether this assessment in this type of interest is peculiar to this County alone or whether other counties are trying

to take advantage or do so of a similar property they could assess?

A I doubt whether this County is using any method that is different from other counties.

Q The agreement for the American Marine Exploration Company is worded in a form called an operating agreement, I believe, and one of the questions that has been raised is whether or not this is a lease or something different. We have also had the question presented whether or not this makes any difference in the assessment of this ad valorem property tax on the mineral rights.

Can you tell us whether or not in your operations of your office you have had occasion to assess the same formula with regard to the value of mineral rights under operating agreements?

A We have.

Q Such as what?

A There is a similar contract between the City of Newport Beach and Mr. D. Walter Elliot. That is, we have been assessing the mineral rights pursuant to that contract since 1943.

Q As far as the assessment is concerned in the function of your office, have you had occasion to see whether there would be a material difference between the Newport Beach contract and the American Marine contract?

A I have.

Q Do you feel that there is any material difference from the standpoint of your office alone?

A There is no material difference.

Q As far as you are concerned, you can go ahead and assess the tax in the same way under the American Marine Oil operation?

A We would.

CHAIRMAN ALLEN: Any questions? Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Plumb, the theory actually for your assessing would be that the operators under either one of these arrangements would have a possessory interest in what he was producing?

A That is right.

Q On the basis of that theory, you would feel that your tax would apply, is that right?

A That is true.

CHAIRMAN ALLEN: Any further questions? Thank you, Mr. Plumb. Mrs. Lipko. Is Mrs. Lipko present?
(Witness excused)

TISHA LIPKO,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, please?

A Mrs. Lipko.

Q I am sorry, I can't hear. Could you sit a little closer to the microphone, please?

A Yes.

Q I am sorry, I didn't hear the name.

A Tisha Lipko.

Q How do you spell that first name?

A T-i-s-h-a.

Q Is that sometimes spelled L-e-t-i-c-i-a?

A Yes.

Q Are you married to a Mr. John J. Lipko?

A I was.

Q Have you been divorced?

A Yes.

Q When was the final decree, do you remember?

A I am waiting for the interlocutory.

Q You have filed a divorce proceeding, is that right?

A Yes.

Q You have been separated from Mr. Lipko?

A For about a year and nine months.

MR. BURTON: Mr. Chairman, as I said yesterday and just so the record will be clear, you understand, Mrs.

Lipko, you are not required to make statements that are harmful to your husband or may tend to incriminate you.

THE WITNESS: I understand. I don't propose to.

Q BY CHAIRMAN ALLEN: When were you separated from your husband?

A In April of 1957.

Q Have you ever met a Mr. Joel E. Ogle?

A Yes, I did.

Q Would you tell us when you first met Mr. Ogle?

A I believe it was at the end of '54 or the beginning of '55.

Q Where was this?

A I think they came home on one occasion and then --

Q Was it at your home?

A That's right.

Q Who was present at that time?

A Just the four of us that I remember.

Q Mr. and Mrs. Ogle?

A That's right.

Q And your husband and yourself?

A Yes.

Q Had you met Mr. Ogle before that?

A I don't recall how and when I met him or why.

All I know is it was a very pleasant association and I met him two or three times, nothing but on social occasions. Once we went to the theater together and then after Mrs.

Ogle had her baby, we went to pay our compliments to them.

Q That is at Mrs. Ogle's home, is that right?

A That's right.

Q Did you ever meet Mr. Ogle when Mrs. Ogle was not present?

A Not that I remember, no, sir.

Q Were other people present when you met Mr. Ogle?

A No, sir.

Q Other than Mr. and Mrs. Ogle, yourself and --

A That's right. Strictly social.

Q Do you remember any conversations that Mr. Ogle participated in when you were present?

A No. It was very light conversation. It was kind of fun conversation, party like. We liked music, had the music on; we had a couple of highballs, ate. That was all.

Q Do you remember any conversation relating to tidelands oil or business?

A Not with him or with them.

Q That Mr. Ogle participated in?

A Not that I remember, no, sir.

Q Mrs. Lipko, I will show you a letter, photostat copy of a letter from the Cockburn Oil Corporation, Houston, Texas, dated January 31, 1955, addressed to Mr. John J.

Lipko in Los Angeles.

I ask you to look at this letter which recites that a cashier's check, dated September 8, 1954, had been given to Mr. Lipko by Mr. H. C. Cockburn in the amount of \$9,000 "which represents payment of advances by Mrs. Lipko".

I ask you to look at that and I ask you if you can tell us anything about this \$9,000 and the advances by you that are recited in this letter.

A Well, it would have been signed by me, that's right. I signed a few checks because Mr. Lipko -- we had a joint account which he used for business, and I could have signed this check, maybe two or three more checks, that's right, upon his request.

Q Do you remember what they were for?

A No, I don't. I couldn't ask questions -- well, I couldn't ask questions.

CHAIRMAN ALLEN: Any questions? Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mrs. Lipko, was your husband in business at this time that you are talking about when you and Mr. and Mrs. Ogle had these meetings?

A Yes.

Q Did he have an office in Los Angeles at that time?

A I don't believe he had in '54, no, sir. I don't believe he had. I don't remember when he opened -- he opened a smaller office first and then a larger, much larger one, oh, very soon, I think, a small office, but I don't remember when. It must have been some time in '55 because we got married in May of '54 and I don't think for Christmas he had an office.

Q You were in the room, were you not, when a Mr. Babson testified before us here this morning?

A That is right.

Q Did you hear Mr. Babson refer to an office for your husband in the Transamerica Building?

A That is right.

Q To your knowledge, did your husband have such an office?

A To my knowledge, yes.

Q Was your husband ever in the oil business, to your knowledge?

A That is a difficult question for me to answer. I don't know.

Q Do you know what your husband's business activities were at all?

A I didn't know.

Q Did you ever hear him discuss any of his business relations in your home?

A Well, he mentioned Camden-Dayton and Bedford-

Wilshire and quite a large number of corporations, but he was way over my head.

Q Did you ever meet any of the other persons that have been referred to here in this hearing while you were -- for instance, a Mr. Rhae Foust, did you meet Mr. Foust?

A I met Mr. Foust, yes.

Q Was that at your home?

A It could have been at the Athletic Club or it could have been at their home. It was not the first meeting for us. I think he knew him before. Maybe he brought him home, but I don't remember how we met or when.

Q You said you had been in Mr. Ogle's house here in Orange County, is that correct?

A Once, yes.

Q Were you ever to Mr. Foust's home here in Orange County?

A Yes.

Q When was that, if you can remember?

A Well, I feel we had quite a nice friendship. I liked her very much.

Q Did you ever meet Mr. Ogle at Mr. Foust's home?

A No, sir.

Q Did you ever meet a Mr. Lambert?

A Oh, yes. Mr. Lambert, yes.

Q Have you seen all of those people in Orange County?

A In Orange County?

Q Did you see Mr. Lambert at Mr. Foust's home at any time when you visited the Foust home here in Orange County?

A Well, Mr. Lambert was one of the first people I met after I married Mr. Lipko.

Q Where did you meet him?

A In fact, I met him before I married Mr. Lipko and we met on a social occasion and he used to come home to pick him up at first. He usually had coffee with us practically every morning for a while.

Q So your relationship, you would say, was rather close at one time, at least with Mr. Lambert?

A Yes.

Q Were they equally close with Mr. Foust?

A No, sir.

Q But you did see Mr. Foust on frequent occasions?

A A few times, yes.

ASSEMBLYMAN HANNA: Thank you.

CHAIRMAN ALLEN: Any further questions?

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Did you meet Mr. Cockburn?

A I believe I met him twice.

Q Where.

A Once in Houston.

Q When was this meeting in Houston?

A We went on a trip. It was like our honeymoon trip and we stopped -- we stopped in Houston. That is where I met Mr. Cockburn.

Q Did you visit Mr. Cockburn's office in Houston?

A I believe so, not at the office.

Q Pardon?

A I didn't meet him at the office. The men got together at his office, I presume, or he took us out to see the town.

Q You say "the men". Which men?

A I mean the two men, Mr. Cockburn and Mr. Lipko.

Q Did you meet Dr. Hampton Robinson?

A On one occasion.

Q Where?

A One night, I met him before I got married -- one night before. He flew with his pilot and we had dinner together at the Biltmore.

That was the only meetings we had.

Q Do you remember whether there was any conversation with Dr. Robinson at that time about any of these companies your husband was working on?

A No. There was never any business conversation. If there was, my mind was never on business.

Q Did you ever meet a Mr. Bud Parr?

A Yes, sir.

Q Or Roy Maggart?

A Yes, sir.

Q Where did you meet Roy Maggart?

A This is going to sound very funny. On our honeymoon.

Q Where?

A Las Vegas. That is the first time I came across Mr. Maggart.

Q Where was it in Las Vegas that you met Mr. Maggart?

A We got a call in the morning and I presumed Mr. Lipko had met him already, because I hadn't. Then we met them at a different hotel.

Q Did you meet somebody there besides Mr. Maggart?

A Mr. Bush.

Q George Bush?

A Yes.

Q An elderly man?

A Yes.

Q Was Mr. Bush with Mr. Maggart?

A Yes.

Q Anybody else?

A I have a vague recollection, I believe he was a Swedish man -- but I don't remember his name.

Q Schirm?

A No, sir.

Q Chris Schirm?

A I met Chris Schirm later on.

Q Did you meet anybody else on this Las Vegas trip?

A No.

Q This would have been early in 1954?

A Yes.

Q About what month?

A In May when we were married.

Q Did you meet Mr. Cord?

A No.

Q Or Scott?

A No, sir.

Q When did you meet Mr. Schirm?

A Oh, one -- I believe he used to go to the first office, but I don't remember. He didn't stay in my mind.

Q Here in Los Angeles?

A Yes.

Q Do you know how to spell Mr. Schirm's last name?

A Yes, sir. S-c-h-i-r-m.

Q What was Mr. Schirm doing?

A I don't know. I could never associate --

Q Did you ever meet Bill Ferrara?

A Farrer or Ferrara?

Q Yes.

A The name sounds, rings a bell, but I don't remember if I did.

Q Where did you hear the name?

A It was somebody mentioned his name, but I don't remember if I met him. I might have. I met so many people.

Q Did you meet any other people in Houston, Texas, besides -- you said you met Doctor Robinson here in Los Angeles?

A Yes.

Q Mr. Cockburn you met in Texas?

A That's right.

Q Did you meet anybody else there?

A No, I don't remember.

Q How many times did you visit the Foust residence?

A Sometimes I would even go alone. I mean, day time and see the wives. They had a lovely time at the beach, I liked the beach and the children went to school, so sometimes I would take off and I would visit her.

CHAIRMAN ALLEN: Any questions? Mr. Burton.

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Directing your attention to the time you and Mr. and Mrs. Ogle and your husband went to the theater, did you see the "Solid Gold Cadillac"?

A That's right.

Q During the dinner that evening, was there -- did your husband have occasion to raise his voice at any time?

A I believe -- I will come down to your question. I believe that was the first time I met both Mr. and Mrs. Ogle. And Mrs. Ogle, she was going to have a baby, I believe. I believe it was something personal. It was not -- there was an explosion.

Q Did you and the Ogles separate subsequent to the dinner you had prior to going to the theater?

A What do you mean?

Q Did you go your separate ways to the theater?

A It was while at the theater, before beginning, I don't quite remember, I know I got sick and she got sick, too.

Q It was a nasty, personal incident?

A Yes. It was very upsetting for her.

Q Did your husband ever tell you that ⁱⁿ he paid Mr. Ogle any significant sums of money?

A No, he never did.

ASSEMBLYMAN BURTON: That's all.

CHAIRMAN ALLEN: Any questions? Thank you, Mrs. Lipko.

Mr. Martino.

JOSEPH H. MARTINO,
called as a witness by the Committee, having been first
duly sworn by the Chairman, was examined and testified
as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, please?

A Joseph H. Martino.

Q And your occupation?

A I am a special agent for the Department of
Justice, State of California.

Q How long have you been so employed?

A For approximately six years.

Q Have you had occasion to interview some people
recently in Magnolia, Arkansas?

A Yes, I have.

Q Would you tell us the names of the people?

A I talked to Mr. Marion C. Jones and to Mr.
Oliver Clegg.

Q And this Mr. M. C. Jones is the owner or officer
of the McAlester Fuel Company?

A Mr. Jones is the manager of the lands division
of the McAlester Fuel Company in Magnolia, Arkansas.

Q McAlester, is M-c A-l-e-s-t-e-r?

A That is correct, sir.

Q And you discussed with Mr. Jones and Mr. Clegg

a trip they made to Los Angeles?

A Yes, I did.

Q I have here affidavits of Mr. Clegg and Mr. Jones, and I will ask you if you recognize those documents?

A Yes, I do.

Q Were you present when these documents were executed?

A No. I was not present when the document was signed.

Q It was signed after you had talked to these gentlemen?

A That is correct.

Q Do you know where the affidavits were prepared?

A They were prepared in the law offices of Oliver Clegg in Magnolia, Arkansas.

Q There are two affidavits there, one from Mr. Jones and one from Mr. Clegg?

A That is correct, sir.

Q Would you read them, please? Which one are you starting on?

A I am reading from the affidavit of Marion C. Jones.

"State of Arkansas, County of Columbia. Affidavit.

"After being duly sworn, M. C. Jones, Manager, lands department, McAlester Fuel Company, Magnolia,

Arkansas, deposes as follows:

"On or about March 28, 1955, I was communicated with by Mr. Robert Wingfield, who informed me that several individuals from the State of California, one of whom Wingfield was acquainted with, had called him relative to some oil leases in California. Now, the California group had represented to Wingfield that they had some commitment to sell these leases to some individuals from Houston, Texas, but since the Houston people had not provided the necessary funds, the California group would consider negotiating with other purchasers.

"Wingfield suggested that Jones meet these people and talk with them. An appointment was then made to meet with me at Magnolia on the following day.

"On March 28, 1955, Wingfield flew the California group in his plane from Dallas to Magnolia, and I believe Mr. James Williams accompanied them. Mr. Williams is a contractor from Dallas, and formerly was associated with Wingfield.

"Upon arrival at the McAlester Fuel Company office, Wingfield introduced the two people from California as Chris Schirm, and the other individual as Rhae Foust, and I believe

that Williams was also there.

"Now, Foust and Schirm informed me that the County of Orange, State of California, owned some tidelands and that the County had executed a contract with a Camden-Dayton Company to explore for oil.

"Mention was made of some scrip which had been given to Orange County as consideration for the contract. Foust informed that a Mr. Cord owned the Camden-Dayton Company and that his group, that is Foust's group, had an option to purchase the Orange County-Camden-Dayton contract.

"Foust said that time was of the essence, since the option would expire within a very short time, possibly ten days. The amount necessary to purchase the option was one million dollars, which would have to be delivered to the Bank of America in Los Angeles, California, which held the escrow.

"I told him that I would have to discuss the matter with officials of the McAlester Fuel Company, and the next day, March 29, 1955, the same group met with Mr. Cole, the vice president of McAlester Fuel Company, and the same matters were discussed in the presence of Mr. Cole.

"Foust and Schirm departed for Dallas with Wingfield and Williams that same day with the understanding that I would contact them in Dallas.

"Following the meeting with the California group, the McAlester Fuel Company decided it would pursue the matter further, and I was authorized to go to California.

"In order to have expert opinion, I contacted Mr. William O. White of Shreveport, Louisiana, the former president of Trans-Tex Drilling Company, a subsidiary of Husky Oil Company, and asked White to accompany me to California. At the same time I contacted Mr. Clegg, Magnolia attorney.

"On March 30, 1955, Mr. Clegg and I flew to Dallas in the company's plane and I explained the proposition to Mr. Clegg that had been given to me by the California group. White met us at the Dallas airport where we boarded an American Airlines plane for Los Angeles, and on this plane were Foust, Schirm, Williams, and Wingfield.

"Further conversation was held enroute with Foust and Schirm on matters which they had previously discussed. I recall Foust saying

that the matter in California was being handled by an attorney named John Lipko, whom Foust said the California group had hired to handle all legal transactions.

"When we arrived in Los Angeles Airport we were met by John Lipko in a black Cadillac. Lipko told us that he had made arrangements for us to stay at the Los Angeles Athletic Club, and that we would meet that night at a dinner at this club. Mr. Clegg and I told him that we preferred to stay at the Statler Hotel, since we had previously made reservations there. Wingfield and Williams stayed, I believe, at the Biltmore Hotel. The whole group was driven from the airport by Lipko.

"At approximately 8 P.M. on March 30, 1955, Clegg, White, James Gilbert and I arrived at the Los Angeles Athletic Club to attend the meeting.

"Gilbert was a geologist employed by Husky Oil Company at Cody, Wyoming, and had been called by Mr. White as an advisor to the Magnolia people, since he knew the Los Angeles area, having lived there many years.

"On the arrival at the Los Angeles Athletic Club, Lipko, Foust, and Schirm were present,

as well as Mrs. Foust and Mrs. Lipko. I was introduced to a Mr. Joel Ogle, who was said to be the County Counsel, or the County Clerk of Orange County. Mrs. Ogle was also there. "Lipko took over the meeting from Foust as spokesman for the California group. Representations were made by Lipko regarding the Camden-Dayton-Orange County contract, and Lipko mentioned that the oil bearing tidelands were held by Orange County and that drilling rights had been leased to the Camden-Dayton Company. Lipko also said that his group had an option to purchase this contract for either one million or \$1,200,000. Lipko indicated that the contract was in escrow, and that the money would have to be deposited with the bank to close the escrow.

"Ogle took a very active part in the discussion and made several representations. He assured our Magnolia group that the County of Orange would offer its full cooperation to the Foust-Schirm-Lipko group; that the County and this group were in full accord. Ogle also assured our Magnolia group that Orange County would back up any representations made by the Lipko-Foust-Schirm group.

"He said that either a contract for the drilling of oil would be granted, or had been granted by Orange County. The staunch support of the California group amazed me, and I was of the opinion that Ogle was sticking his neck out to commit the County of Orange to such a group as Lipko-Foust-Schirm, and sell such a program.

"I was personally reluctant to place much confidence in the statements and representations made by the California group at this meeting. It seemed as if an undue amount of pressure was being brought for fast action. Ogle was questioned by Mr. White in behalf of the Magnolia group, and to such an extent that he became very incensed, and Ogle's wife and other women in the meeting had to restore calm. Ogle, therefore, assumed the attitude that we were not good prospects, and that he didn't care whether or not we accepted the proposal.

"The meeting was adjourned without any further comments being made by the Magnolia group. However, the California group suggested that we meet at the Athletic Club about 8:30 o'clock the following morning, and they would conduct us on a tour of the property involved.

"The next morning I met Foust at the Los Angeles Athletic Club at the scheduled hour and advised him that we had some independent checking to do during the day and that we would meet him later in the afternoon.

"Through arrangements made by our attorneys in Dallas, we scheduled an appointment with Mr. Richard Bergen, attorney with the firm of O'Melveny & Myers, and discussed this prospect at length with him. Also during the day we called on acquaintances in the oil business in California and further questioned this prospect, and the persons with whom we proposed to deal, that being John Lipko and the California group mentioned previously.

"By midafternoon of March 31st we were completely satisfied that whatever the contract the Camden-Dayton Company held was worthless and that even though the contract might be legal as between this company as lessee and the County of Orange as lessor, that the legal title to the property was held by the State of California and we learned during the day that not only did the State of California hold title, but that they had executed leases to various operators, and the operators had developed the

property.

"During the afternoon we telephoned Wingfield and advised him that we were not interested in pursuing the matter further, and that he could so advise Lipko, Foust, and Schirm, and the Magnolia group made no further contact with the Lipko group.

"Dated this 30th day of September, 1958, M. C. Jones, subscribed and sworn to before me this 30th day of September, 1958, Elaine Paxton, Notary Public. My commission expires March 24, 1962."

CHAIRMAN ALLEN: Let's take a recess at this time until 1:30.

(NOON RECESS)

BUENA PARK, CALIFORNIA, THURSDAY, OCTOBER 2, 1958, 1:30 P.M.

--oOo--

CHAIRMAN ALLEN: The Committee will come to order.
Let the record show there is a quorum present.

Mr. Martino.

JOSEPH H. MARTINO,

recalled as a witness by the Committee, having been
previously sworn by the Chairman, testified as follows:

EXAMINATION, (Continuing)

BY CHAIRMAN ALLEN:

Q Mr. Martino, this morning you referred to two
affidavits from these people in Arkansas and told us how
you obtained them, and you read the affidavit of Mr. Jones.
Would you now read the other affidavit for us?

A I believe I have here the same affidavit I
read, Mr. Chairman. Maybe I was mistaken.

Q This is Mr. Clegg's affidavit. I believe you
read the other one.

A That's right. Do you wish me to read this, sir?

Q Would you, please?

A "State of Arkansas, County of Columbia. Affi-
davit.

"During the latter part of March, 1955, M. C.
Jones of the McAlester Fuel Company, advised
me of a contemplated journey to Los Angeles,

California to inquire into some oil property. On March 30, 1955, Buddy Jones and I departed for Dallas in a private plane.

"Enroute Jones informed me of the matters he was inquiring into in California. That the matter described was a contract regarding some oil property which had been broached to him by some individuals from California. Upon arrival at the Dallas Airport we boarded an American Airlines airplane. On the plane I was introduced to Rhae Foust and Chris Schirm by Jones. Also present was W. O. White, of Shreveport, Louisiana, who had also been requested to go to Los Angeles by Jones.

"Mr. Foust was a large man wearing a large Texas type hat. Schirm was a smallish man with hat cocked to one side and over one eye. There was some preliminary conversation with Schirm, Schirm stating that he had had many years experience and that he had held numerous oil properties in Wyoming and had drilled a number of oil wells.

"On the plane enroute to Los Angeles Foust produced a brochure from which he extracted two documents, one purporting to be an agreement between Orange County and Camden-Dayton Company,

and the other an amendment to the contract. Foust said that an attorney, John Lipko, was handling the matter in California and was being paid \$1000 a day.

"Upon arrival at Los Angeles we were met at the airport by John Lipko. Lipko told us that a dinner meeting would be held at the Los Angeles Athletic Club that evening, and that reservations for lodgings had been made for their group at the Athletic Club. Mr. Jones and I declined and registered at the Statler Hotel.

"On that evening Jones, White, James Gilbert, and I appeared at the Athletic Club, and there we met Lipko, Schirm, and Foust again. An individual there also introduced himself as Ogle, the County Counsel of Orange County, California. I remember that Mr. Ogle had his wife with him, and that Mrs. Ogle was pregnant.

"Following the dinner a discussion was commenced. Representations were made that a contract was in existence between Orange County and the Camden-Dayton Company. That the California delegation had an option to purchase this contract, and that an escrow had been established at the Bank of America, and that

one million dollars was needed to execute the option. The contract was reportedly owned by a Mr. Cord.

"Representations were also made that a Texas group was also interested in the option, and that the Texas group had first preference to purchase the option. I believe that the names of Cockburn and Robinson were mentioned.

"I was also assured, however, that no further consideration would be given to the Texas group, and that the Magnolia group could purchase the option. These representations were made by Lipko and Foust. Ogle also took part in the discussion, representing that the Orange County contract with Camden-Dayton was valid; that he, Ogle, as County Counsel, was present at all the proceedings with the Orange County Board of Supervisors, and that the contract was recognized as valid by the Board.

"During the discussion numerous questions were asked Ogle by William White, relative to the accessibility of the property covered by the contract. White's contention being that since the tidelands were on the coastline, unless there was access to the property, it would

be necessary to conduct whip-stock drilling, and that in his opinion, it would be illegal to cross under property owned by others.

"Ogle became very incensed over White's questions and threatened to withdraw Orange County's cooperation. Following this Ogle appeared to become very distant and assumed a 'hard to get' attitude. During the preliminary introduction, Foust said he was going to the State Capitol on the following day to confer with some high State officials relative to some legislation that had been introduced. During the preliminary conversation Ogle was also described to me as being the key man in the deal. Foust was described as being the individual with the big political connections.

"Many statements were made to me that Foust was a big man politically in California. Lipko, Foust, and Ogle did most of the talking at the meeting. Ogle appeared somewhat detached, giving me the impression that he did not consider the Magnolia people good prospects. I also recall that in order to satisfy me on the validity of the contract, it was suggested by Foust and Lipko that I meet a George Bush

who was said to be an expert in tidelands litigation. I was introduced to Bush on the following day. Bush told me that he wished to explain his theory on the ownership of tidelands by the County. He showed me an opinion regarding his theory, and also a copy of the legislative act of the State of California granting the tidelands to Orange County. I believe the act was dated in 1919.

"Upon examining the legislative enactment, I gathered the opinion that only tidelands within Newport Bay had been granted, and in that case only for the purpose of harbor development. I made known to Bush my thoughts on the matter, and Bush replied that he took a broader view, but agreed that some litigation would have to be undertaken.

"I then conferred with my group and advised Jones not to accept the proposition of the California group.

"Dated this 30th day of September, 1958.
Oliver M. Clegg, Attorney at Law, Magnolia,
Arkansas. Subscribed and sworn to before me,
a Notary Public, this 30th day of September,
1958, Joella Gunnels, Notary Public. My
commission expires August 26, 1960."

Q Mr. Martino, you talked to Mr. Clegg and Mr. Jones?

A Yes, sir, I did.

Q That was recently?

A I talked with them at the Magnolia Inn, in Magnolia, Arkansas, on Sunday, March 28, 1958.

Q In your interviews with these two gentlemen did either of them tell you anything contrary to what is contained in the two affidavits you have read to us?

A No, sir, they did not.

MR. COOK: Mr. Chairman, just to correct the record, I believe Mr. Martino said March 28, 1958. Did you mean September 28?

THE WITNESS: No, I talked to them on March 28.

MR. COOK: Excuse me.

THE WITNESS: I believe that was the question, when I talked to them? I am sorry, I mean September 28th. I beg your pardon, Mr. Cook. Last Sunday, to be exact.

Q BY CHAIRMAN ALLEN: Well, aside from the date, did either of them tell you anything during this interview that was contrary to the affidavits you have read to us?

A No, sir, they did not.

Q Let's make this affidavit as the next exhibit. Did you have occasion to interview a Mr.

C. E. Lambert recently?

A Yes, sir, I did.

Q Where was that?

A I interviewed Mr. Lambert on Sunday, September 7, 1958, at Estes Park, Colorado.

Q Are you satisfied that this was the same Lambert that has been referred to repeatedly during these hearings as having received checks from the American Marine Exploration Company, and the Lambert who signed the Camden-Dayton contract of 1955?

A Yes, sir. I am quite certain of that.

Q I received in the mail from an address purporting to be from C. E. Lambert, Estes Park, Colorado, an envelope mailed in Los Angeles, a photostatic copy of what appears to be a verified letter. The signature at the end, C. E. Lambert. I ask you to look at that and tell us, do you recognize that as Mr. Lambert's signature?

A Yes, I would say that is Mr. Lambert's signature. It is similar with other signatures I have seen of Mr. Lambert's.

Q Well, I will read the letter since we don't have Mr. Lambert here.

"Attention Assembly Member Bruce Allen.

"Dear Sir: This will acknowledge the visit from Special Investigator Martino of the

California Attorney General's Office which took place in my home September 7, 1958, Estes Park, Colorado.

"Mr. Martino's questioning pertained to John J. Lipko's testimony before your Subcommittee August 27, 1958, in that he, John J. Lipko, gave County Counsel Joel E. Ogle an envelope containing \$10,000 in cash, and that I witnessed the transaction.

"I never at any time saw John J. Lipko hand Joel Ogle an envelope, package, paper, or anything else, and I have no recollection of such an incident to which John J. Lipko testified to regarding Joel E. Ogle, and so reported in the newspapers.

"Furthermore, I question John J. Lipko's statement in that he gave another cash amount of \$10,000 to Roy Maggart as they were not on speaking terms at that time.

"Also, I question that any such meeting took place in the Foust home as represented by John Lipko. I question if John Lipko ever had an interest in the Camden-Dayton Company. If he did have such an interest, it certainly would not justify the handing out of such large sums of money, especially in cash

(Refer E. L. Cord, Al Scott, Roy Maggart,
or Attorney Edward Neuhoff, 650 South Grand
Street, Los Angeles, California.)

"Last, but not least, I question the motive
other than character assassination in inserting
the testimony of John J. Lipko into these
hearings, particularly without investigating all
the facts before presenting them. As to John
Lipko's record, I can't say, but refer you to
John Lipko's term in Danbury Federal Institution.
Federal Judge James Gainey presided in this case.
This may be the same John J. Lipko, and should
be looked into. I do not know how the great
damage to Orange County, its Board of Supervisors,
the County Counsel, Joel Ogle, could ever be
repaired after such dreadful accusations, but
an effort should be made in the interest of
justice and to show the people of California that
our lawmakers are true Americans.

"Yours very truly, C. E. Lambert, Denver,
Colorado,"

and then the notary's jurat. City and County of Denver,
Colorado.

We will mark that letter I just read as the next exhibit.

Mr. Martino, when you interviewed Mr. Lambert did Mr.
Lambert tell you anything further, or contrary to the letter

I just read?

A As regarding Mr. Lipko, Mr. Lambert did tell me that at no time had he seen Mr. Lipko hand any envelope or any money to Mr. Ogle in his presence. I asked him if he had ever met Mr. Ogle, and Mr. Lipko at the Statler Hotel at any time. He recalled that he had been with Lipko in the lobby of the Statler Hotel on one occasion where they met Mr. Ogle; that he had a brief conversation, and that Mr. Ogle excused himself, saying that he had the press of other matters which required his attention, and immediately left. He said at that time he saw nothing pass between Mr. Ogle and Mr. Lipko.

Q What else did Mr. Lambert tell you?

A In regard to the same matter?

Q Or Camden-Dayton, or American Marine?

A I questioned Mr. Lambert regarding his signature on the amended Camden-Dayton contract. He acknowledged that he had signed that as president of Camden-Dayton Company. I asked him again, since I had spoken to him previously on that, as to what authority he had to sign for Camden-Dayton.

He informed me that Roy Maggart had told him that should be renegotiate the Camden-Dayton contract of August the 15th, 1950, with the County of Orange, he, Maggart, would have him elected president of Camden-Dayton Company; that some time thereafter he did negotiate a contract, or

made preliminary steps to renegotiate the contract, that Maggart gave to him either a minute order or a resolution of the Board of Directors of the Camden-Dayton Company which was signed by Maggart as secretary of the Camden-Dayton Company, in which he, Lambert, was elected president of the Camden-Dayton Company.

I had asked Mr. Lambert to produce a copy or the original document which he had told me he had in his possession. Mr. Lambert told me that as of September 7th, 1958, he had not yet obtained this copy which was maintained somewhere in Houston.

He further told me that shortly after he had signed as president of Camden-Dayton, that he ascertained that the minute order, or the resolution, was spurious, and that he actually had not been elected president; and that immediately upon learning this information he had communicated with Mr. Joel Ogle, the County Counsel of Orange County, and had advised him of this fact.

I asked Mr. Lambert from what source this information had come, and he replied that he thought a Mr. Thatcher, an attorney from Reno, Nevada, advised him that the minute order, or the resolution electing him president was spurious.

Q Did Mr. Lambert tell you anything further?

A I also questioned Mr. Lambert regarding the \$1000 checks which were drawn on the account of American

Marine Company, made payable to Mr. Lambert, and signed by Mr. H. C. Cockburn. Mr. Lambert advised me that these checks were sent to him for the purpose of investing in a corporation known as the Barrenas de Mexico, located in Mexico City, Mexico. That this corporation was owned by a Mr. Rhae Foust, and that the corporation was engaged in the manufacturing of drill bits. He said that this money was sent to him by Mr. Cockburn and was to be given to this corporation.

None of this money was given by him to Mr. Foust, but he gave the money to a Mr. William G. Ferrar, or a Mr. William G. Ferrara. He could not recall specifically the spelling of the last name, who he identified as being the general manager of the Barrenas de Mexico.

I asked him whether or not he had ever given Mr. Foust personally any of this money, and he replied that he had not; that all of this money had been given to Mr. Ferrara in cash. He said that the checks had been cashed by him personally, and that on several occasions, because of the fact that the Los Angeles banks were closed on Saturdays, he had requested the Fousts to counter-endorse the checks and cash them for him in Santa Ana.

Q Did Lambert tell you anything further?

A I believe that was most of the conversation we had on this occasion.

Q Did Mr. Lambert tell you anything about the negotiations by the Maggart-Lipko-Foust group for sale of the Camden-Dayton contract?

A Upon this occasion, no. But I had discussed that matter with him on previous occasions.

Q What did Mr. Lambert tell you about that?

A Mr. Lambert said he met Mr. Lipko several years ago in California when he was here on another matter. That at that time, Mr. Lipko had attempted to interest him in the Camden-Dayton Corporation. He informed Mr. Lambert that he, Lipko, or someone whom Lipko was representing, had an option to purchase the Camden-Dayton Company and that he would be very glad to have any representative of Mr. Lambert's purchase this option for which Mr. Lipko would require a 12 per cent override, in the event that the Camden-Dayton Company was sold to anyone represented by Mr. Lambert.

CHAIRMAN ALLEN: Any further questions? Mr. Burton.

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Did Mr. Lambert assign any other reason for giving the Fousts checks to endorse and deposit for him other than these checks arrived about a weekend, and specifically, as I recall the testimony by Mrs. Foust, the reason why Foust cashed the checks is because Mr. Lambert didn't know anyone at any banks and they were doing this

as kind of a personal favor for him. Did he mention anything in this regard to you?

A No, he did not, Mr. Burton. All he said was several of these checks were endorsed by the Fousts, because he was in Santa Ana on Saturdays and that the banks in Los Angeles were closed on Saturdays; that it was merely an accommodation endorsement for him.

Q Were you able to form any opinion worthy of passing on to us as to the credibility of Mr. Lambert?

A Sir, that is a rather difficult question for me to answer at this time. I would have to base my judgment strictly upon promises made to me by Mr. Lambert, particularly in respect to producing for me a photostatic copy of the minute order which I referred to previously.

I had first asked Mr. Lambert to make that available to me approximately nine months ago and since that time it has not been forthcoming.

Q You see, the problem we have on this Committee and in turn, the testimony given before our Committee, there are sometimes statements made that are very damaging and it's pretty difficult to convey to the public at large or to the press just how credible these witnesses are.

Now, when Mr. Lipko made the statement, I attempted to develop at least a suspicion in the minds of the press that perhaps Mr. Lipko wasn't a leading lay person in the church of whatever faith he happens to belong to.

Now, we have directly conflicting testimony and, of course, I am prompted similarly to wonder whether Mr. Lambert is a truthful, essentially truthful person, or whether he isn't.

A As I say, I have only had four contacts with Mr. Lambert, one of which was by telephone. I did find him to be somewhat evasive in answering various questions I propounded to him, but as to his credibility, I don't think I would be in a position to venture an opinion.

CHAIRMAN ALLEN: Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Martino, you have referred to certain checks that were received by Mr. Lambert. Are these the same checks that we have had here as exhibits that came from the American Marine Company to Lambert?

A Yes, Mr. Hanna, those are the checks I was referring to.

Q Did you say that Mr. Lambert told you that insofar as those checks were concerned, his instructions were that they were to go to this Mexican bit company that was owned by Mr. Foust?

A That is correct, sir.

Q Did he indicate to you from whom he received those instructions?

A Yes. Mr. Cockburn.

Q Mr. Cockburn?

A Yes. In fact, I might add in that regard, I asked him what interest the American Marine had in this Mexican company, and he said to his knowledge, nothing, that this was strictly a personal matter with Mr. Cockburn and the Foust corporation in Mexico, because I was instructed about the fact the checks were drawn on the American Marine Company and I made that inquiry.

Q Are you sure that in your own mind that what Mr. Lambert was saying would apply to all of the checks he received?

A All of the checks that were in the amount of \$1000, photostats of which I exhibited to Mr. Lambert. His statement was that approximately 15 to \$17,000 which was derived as proceeds from the cashing of these checks was turned over to Mr. Ferrara of the Mexican drill bit company.

Q Was it your understanding that Mr. Cockburn was an officer or some person in authority in the American Marine Company during all of this period of time?

A That was my impression, yes, sir.

ASSEMBLYMAN HANNA: All right. That is all, Mr. Chairman.

CHAIRMAN ALLEN: I would like to introduce Assemblyman John A. O'Connell of San Francisco on the left.

Mr. Cook, do you have a question?

MR. COOK: Yes.

EXAMINATION

BY MR. COOK:

Q Mr. Martino, would you tell the Committee upon whose request did you make this investigation, both in regard to Mr. Lambert and in regard to the McAlester Oil Fuel Company in Arkansas?

A Our original inquiry was commenced when we received a request from the Orange County Grand Jury to conduct an inquiry into a possible criminal culpability of any of the officers of Orange County in regard to the American Marine matter.

CHAIRMAN ALLEN: Any further questions? Mr. Cook.

FURTHER EXAMINATION

BY MR. COOK:

Q You acted pursuant to that request then, is that correct?

A We have been conducting an inquiry pursuant to the request of the Orange County Grand Jury.

Q I would like to ask one other question, Mr. Martino. I believe you stated that Mr. C. E. Lambert learned that he was not president of Camden-Dayton Company?

A Yes, that is correct.

Q Did he pass this information on to anyone else?

A Yes. As I say, when I talked to him on September 7th of this year, he said that immediately upon

learning that he was not president of the Camden-Dayton Company, he had called Mr. Ogle and advised him of that fact.

Q Just to make the record clear, do you recall what date that was?

A That Mr. Lambert notified Mr. Ogle?

Q Yes.

A He did not clarify the date. He said it was some time shortly after he had signed the contract, but he did not specify any particular date.

Q The signing of the contract was the 3rd day of January.

A My recollection was that the contract was unsigned, but there were two affidavits attached, one dated January 3 and one January 4, 1955.

Q Would this have been before March 30th, of 1955?

A Yes, by about three months.

MR. COOK: Thank you.

CHAIRMAN ALLEN: Mr. Hanna.

FURTHER EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Martino, was the contact you made with Mr. Clegg and Mr. Jones of the Arkansas oil company that we have been referring to, McAlester I think it is, McAlester Fuel, was this contact made on behalf of the same authority, the Grand Jury, on the request from the Grand Jury?

A That is correct, sir. And also, we were requested to forward to this Committee, if they so required, any information we obtained as a result of this inquiry.

Q If you are at liberty to divulge it, through what source were you informed that Mr. Jones and Mr. Clegg had information pertaining to this matter?

A We received that from some attorneys here in Los Angeles. I am not quite certain as to the identities of these attorneys, but the information was made available to me by one of the deputies of my office, the Attorney General's Office.

Q To your knowledge, has Mr. Lambert, Mr. Clegg, or Mr. Jones made other affidavits concerning this matter to other persons?

A Not to my knowledge, Mr. Hanna.

Q Did they discuss in their discussions with you, did they indicate that they had been contacted prior by anyone from the State of California relative to this matter?

A No. My understanding was this was the first business that had been inquired into in the State of California.

Q Wait a minute. By your answer, are you talking about this Camden-Dayton deal?

A No. I thought the question was as to whether the McAlester Fuel Company had any other business in

California.

Q No. Had the McAlester Fuel Company been contacted by any other authorities out of the State of California relative to this matter?

A Not to my knowledge, Mr. Hanna.

Q None of this was divulged to you, at least?

A No. They said nothing, if such an occasion had happened.

ASSEMBLYMAN HANNA: Thank you.

CHAIRMAN ALLEN: Any further questions? Thank you, Mr. Martino.

Is there a representative here from the Bank of America?

EDWARD C. McCARTY,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q State your name, please. You are Mr. McCarty?

A Yes.

Q I am calling for some records from the Bank of America. Are you with the Bank of America now?

A No, sir.

Q Is somebody here from the Bank of America?

A I believe there is, yes.

CHAIRMAN ALLEN: Would you step down for a minute and let's get this gentleman up first.

DALE HOLKER,
called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name and occupation?

A My name is Dale Holker, I am operations officer for the Bank of America, 7th and Flower.

Q How do you spell your last name?

A H-o-l-k-e-r.

Q You have been served with a subpoena for the production of certain documents?

A That is correct.

Q Do you have those with you?

A Yes, I do.

Q Would you produce them and describe them for the record?

A I have the ledger copies of bank statements for John J. Lipko, deposit slips made to that account of a thousand dollars or more, from March 15, 1954, until the time it was closed, December 6, 1956.

Q That is the only deposit slips of deposits totaling a thousand or more?

A That is correct.

Q Deposits under that, you have not brought with you?

A That is right.

Q Go ahead.

A Then I have the ledger copies of statements for C. E. Lambert from February, '54, until September 16th, 1958. On this, we have all deposit slips, pulled deposit slips for \$1000 or more. Then I have the ledger statements of the bank statement for Doctor Hampton C. Robinson from March 15th, 1954, until it was closed on July 30th, 1954. We have pulled, I believe, all deposit slips on this -- yes, all deposit slips there are all over a thousand.

Then I have a record here taken from our register of telegraphic transfers of funds that were owed to us mostly from the Second National Bank of Houston, for the credit of John J. Lipko at our branch. They go from August 24, 1954, until February 28, 1957.

Q These telegraphic transfers, do your records show whether or not these transfers went into Mr. Lipko's account at your branch?

A Yes, they do.

Q All of them?

A All of them went to his account with the exception of one, and that was a telegraphic transfer in February, '57, which was received from the Newport Harbor

Bank in Corona Del Mar. Mr. Lipko took cash on that, \$1100.

Then I have a signature card of John J. Lipko and his wife, Mrs. Lipko, the signature card of Doctor Robinson, and I also have two checks here that were returned in years gone by; one of them for a thousand dollars drawn on the Chav-Line Oil Company, signed by John J. Lipko, president, payable to the Bank of America, 7th and Flower, supposedly deposited to his account. Returned unpaid.

I also have a ten dollar check drawn by John J. Lipko on the 7th and Grand Branch, Security First National Bank, which was returned "insufficient funds."

And I have a loan liability ledger card for John J. Lipko and Mrs. Lipko, showing a total liability of \$3750 loan made to him in November, '55. It was finally paid off in October, '56.

CHAIRMAN ALLEN: May I see them?

Q BY CHAIRMAN ALLEN: This typewritten sheet on the white paper you have given us, marked "record of telegraphic transfers received by John J. Lipko," all but the last one coming from the Second National Bank, Houston, was this prepared from other records in your bank?

A Yes. I took that directly from our register of incoming telegraphic transfers in the bank.

Q And do your records show all of these transfers

came from Doctor Hampton Robinson?

A We don't know who they came from. There may have been some prior to August, '54, but our register has been destroyed. Our destruction date on this particular register is normally two years. Fortunately, we went back that far.

CHAIRMAN ALLEN: Any questions?

Mark these documents as the next exhibit in order.

ASSEMBLYMAN BURTON: Just a question to the Chairman: Is this the bank that Mr. Lipko said he received his telegraphic amount of \$20,000 deposited or cash obtained, cashier's check from them?

CHAIRMAN ALLEN: I believe this is the same bank Mr. Lipko testified with regard to that he got the \$20,000.

ASSEMBLYMAN BURTON: All right.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Do you know Mr. Lipko?

A No, I don't.

Q Or Mr. Lambert?

A No.

Q Who cosigned checks on these accounts?

A Signature cards are right there.

Q On the Lipko account, it was Mr. and Mrs. Lipko, right?

A First it was Mr. Lipko alone, then it was changed into a joint account. I think I have both cards there.

Q How about Mr. Lambert's account?

A I don't have his signature card in there. I overlooked it in there. The account is still open, it's in our files.

CHAIRMAN ALLEN: Thank you.

THE WITNESS: Are these statements going to be returned to me? It is my understanding that they would be.

CHAIRMAN ALLEN: We will make arrangements for that with you, yes.

Mr. McCarty.

EDWARD C. McCARTY,
recalled as a witness by the Committee, having been previously sworn, testified further as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q You have previously been sworn, Mr. McCarty, and your name is Edward C?

A Yes, sir.

Q M-c C-a-r-t-y?

A Yes.

Q You are now employed by the First Western Bank?

A Yes, sir.

CHAIRMAN ALLEN: Mr. Cook.

EXAMINATION

BY MR. COOK:

Q Mr. McCarty, I believe you testified at our last hearing in August that you are familiar with and are acquainted with John Lipko and C. E. Lambert, is that correct?

A Yes.

Q Are you also familiar with Mr. Rhae Foust?
Do you know him?

A I believe I would recognize him if I saw him.

Q Has he ever been in the 7th and Flower Bank --

A Yes, I am sure he was.

Q -- in Los Angeles. Do you recall when he was there?

A No, sir, I don't.

Q The approximate date?

A No, sir.

Q Mr. McCarty, referring back to approximately December, 1954, or January, 1955, do you recall transactions wherein Mr. Lipko withdrew amounts of money from his account?

A I don't recall any specific transactions.

Q Do you recall generally that he had an active account at the Bank of America, 7th and Flower, Los Angeles?

A Yes.

Q Would you say large amounts of money went in and out of this account?

A Yes.

Q What amounts, the larger amounts, what would you say that they would be, withdrawals? Would you say he withdrew five thousand at a time or ten thousand at any time during this time period?

A Oh, yes.

Q The largest amount withdrawn at one time during this time period would be approximately what, to the best of your memory?

A I would have to guess. I would say 25,000, perhaps.

Q You know both Mr. Lipko and Mr. Lambert. Have you seen them in the bank together during this same time period?

A Oh, yes. Many times.

Q They were in the bank together many times?

A Yes.

Q Do you recall telegraphic transfers of money to Mr. Lipko's, either to his account or taken by him in cash?

A Yes.

Q Do you know from whom these transfers came from or who transferred the money to Mr. Lipko's account?

A Doctor Robinson.

Q That would be Doctor Robinson of Houston, Texas,

is that correct?

A Yes.

Q Anyone else?

A No one else that I recall, no.

Q To your knowledge, did Mr. Cockburn have an account at this branch of the Bank of America?

A I am certain he did not.

Q Do you know him?

A Yes.

Q Was he in the bank? Is that where you became acquainted, in the bank?

A Yes. On several occasions, we accommodated him by cashing a personal check for him.

Q Was he with anyone or by himself?

A I am almost certain that he was always with Mr. Lambert.

Q With Mr. Lambert?

A Yes.

Q Could you say when that would be?

A No. I couldn't give you any -- I might give you some inclusive dates.

Q Would it be approximately --

A '54, '55, '56.

Q The years we referred to before?

A Yes.

MR. COOK: Thank you, Mr. McCarty.

CHAIRMAN ALLEN: Any other questions? Thank you.

THE WITNESS: May I be excused?

CHAIRMAN ALLEN: Yes. Thank you very much.

The Committee has subpoenaed records from the Los Angeles Athletic Club pertaining to several people. I have in front of me their records pertaining to Mr. John J. Lipko, which include a statement dated March 22, 1955, Serles Reporting Service, 6333 1/2 Wilshire Boulevard, Los Angeles 48, California, regarding John Lipko, North Hollywood, which includes this statement:

"Financial banking references given.

"Stated that they have handled transactions up to \$3 million for him over the past year. Very reliable type. Quite substantial means. Owns his own home in North Hollywood outright. Worth some \$60,000."

I also have the file here from the same source of Mr. C. E. Lambert, which includes the statement March 23, 1955, from Serles Reporting Service:

"Mr. Lambert was also known to bank executives at banking references given. They stated that he and Mr. John Lipko represented an oil syndicate in Texas. The bank has handled up to \$3 million in oil transactions over the past year for these two."

Is Hazel Sherb present?

Mr. Stoddard?

JAMES B. STODDARD,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Give us your name and address and occupation, please.

A My name is James B. Stoddard. I am the Mayor of the City of Newport Beach. I am by profession a chemical engineer.

CHAIRMAN ALLEN: All right. Go right ahead, Mr. Stoddard.

THE WITNESS: I would like to compliment you, Mr. Chairman, and the members of your Subcommittee on the conduct of your investigation. In my view, it is high time that the oil leasing and contracting practices disclosed at these hearings were studied. It is my hope that the Subcommittee can present legislation to the Legislature to correct the obvious deficiencies in the laws, and which will strengthen existing laws.

Newport Beach found it necessary to intervene in the County-State controversy because the tidelands lying off Corona Del Mar, an area that was annexed to Newport Beach in 1924, are apparently claimed by the

County and American Marine, its lessee.

So far as I know, no officials of the City were advised of any contention by the County or anyone else that the title to the tidelands off Corona Del Mar was not vested in the City.

The lease to American Marine Exploration Company, Inc., was executed without the City being consulted, or being given an opportunity to state its position. Land the City holds in trust was leased by the County to American Marine. The land is particularly suited for recreational purposes and is heavily used in that way. The City and State of California have developed a park on the property off Corona Del Mar.

The property upon which a lease was requested by letter of June 30, 1958, is within the boundaries of Newport Beach, and is that land granted to Newport Beach in grants of 1919, 1927, and 1929. It is largely used as a harbor for pleasure craft and for recreational purposes. Some commercial development is also on the lands.

We appreciate Mr. Hirstein's testimony in regard to the Board's position on this request, and their desire to cooperate with the City of Newport Beach, as the latter has given the City considerable concern.

The City charter prevents oil development of any kind in the City except in a small area in the western

part of the City.

The zoning ordinance prohibits the use of land for oil development or production in all but the same small part of the City.

The people recently amended the charter to include the City itself in the prohibition against oil development.

Any exploration for or development, or production of oil on the land within the City under the lease, or on nearly all of the land in the proposed amendment, would be contrary to the City charter and zoning ordinance.

Nearly all of the land bordering upon Newport Bay and on the ocean front is zoned for industrial uses. Nearly all of the land on the seven islands in the bay is zoned for residential uses. Much of it is used almost exclusively for recreational purposes.

Newport Beach is interested in protesting any lease or proposed lease that places the City's title to land in jeopardy. The proposal of American Marine on June 30, 1958, to the Board of Supervisors would, if accepted, place title to all of the City tidelands in jeopardy. The City is also interested in protesting against any lease when the objective appears to be to make a use of land that is contrary to the charter or zoning ordinances of the City, or to make use of land in a way that would render the land less desirable as a

residential-recreational area.

Newport Bay is unique in California, or any place else, in being a large semi-natural bay particularly suited, because of climate, location, temperature, and other natural qualities for pleasure craft and other recreational uses.

It is the purpose of the City to do what it can to retain its good qualities and provide for its orderly development for the best possible residential-recreational and related uses.

CHAIRMAN ALLEN: All right. Any questions of Mr. Stoddard? Thank you very much.

We will take a five minute recess.

(Whereupon a short recess was had)

CHAIRMAN ALLEN: Mr. Stoddard, would you come up again, please?

JAMES B. STODDARD,
recalled as a witness by the Committee, having been previously sworn, testified further as follows:

BY CHAIRMAN ALLEN: Mr. Stoddard, you have previously been sworn, and I think Mr. Hanna has a question he would like to ask you.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Stoddard, does the City of Newport Beach have an existing agreement, contract or lease with an

oil company in relation to the City's tidelands or any of the City's tidelands?

A Yes, they do.

Q What is the name of that oil company?

A Monterey Oil Company.

Q Is that agreement signed by a Mr. Elliot?

A Yes. I believe the original contract was with Mr. D. W. Elliot. It has been assigned several times and Monterey is the final assignee.

Q Are you familiar with the contract that we have under discussion here between the County of Orange and the American Marine Company?

A No, sir, I have never seen it.

Q Do you have a copy of the agreement or lease or can you make available to this Committee a copy of the contract, agreement or lease between yourself and the Monterey Oil Company?

A Yes, sir. We would be glad to. We don't have one here.

Q Would you make that available to us?

A Yes. We would be glad to.

ASSEMBLYMAN HANNA: Thank you.

CHAIRMAN ALLEN: Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER: (Q) Mr. Stoddard. I have been asked whether or not, to clarify a point that

was brought up, whether or not you know any information relative to whether the Harbor News Press has had any connection with the Monterey Oil Company?

A Not to my knowledge, sir. You mean financial connection?

Q Yes.

A Not to my knowledge, sir. I have never heard it until I was told about it in the session yesterday afternoon.

CHAIRMAN ALLEN: No further questions. Thank you, Mr. Stoddard.

Mr. Rimel.

JACK RIMEL,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name, address and occupation, please.

A My name is Jack Rimel. I live at 16111 Ritchey Street, Santa Ana, California. I am a lawyer. My office is in Santa Ana.

Q How do you spell your last name?

A R-i-m-e-l.

Q Are you the City Attorney of Laguna Beach?

A Yes, sir.

Q How long have you held that position?

A Since November, 1942.

Q Did you wish to make a statement to the Committee regarding the position of Laguna Beach on this general subject?

A I have no prepared statement, but I understand you were interested in a resolution that the City Council adopted in 1956, and I have brought along a copy of it. It's the only copy I had at the office.

Q May I see it, please?

Has Laguna Beach intervened, taken a position in the litigation pending between Orange County and the State on this tidelands subject?

A Not yet. The Council has authorized an intervention, and at one time an intervention complaint was prepared. It was about the time a demurrer was filed against the first complaint. The City of Newport Beach filed in the action and after some conferences with Mr. Wenig, we determined to wait until the Newport Beach demurrer was clarified and their pleadings were clarified, and at that time it was the City's intention to intervene and they do intend to before the action goes to trial.

Q This resolution, among other things includes in the "resolved" clause a request to both Orange County and American Marine Exploration Company to make an amendment

to the American Marine contract excluding the City limits of Laguna Beach.

Can you tell us whether or not there has been such action taken?

A Not to my knowledge. We served a copy of that resolution on the County Board of Supervisors and I am not sure whether a copy went to the oil company. I think the resolution would indicate, but so far as I know, we have had no reply to the resolution.

Q The resolution being rather lengthy, we won't read it in full, but put it in the record, and I understand this is your office copy of it?

A You may have it if you want to copy it into the record. I can either secure another one or you can send it back to me. I would appreciate your sending it back.

Q Were you the City Attorney for Laguna Beach at the time the American Marine contract was presented to the Board of Supervisors and approved by the Board of Supervisors in 1956?

A Yes, sir.

Q Were you present at any of the meetings of the Board of Supervisors on that subject?

A No, sir. We knew nothing about it, as the resolution indicates, until long after -- until some time, at any rate, after the contract was made. So as far as I know, no member of the City Council, no member of any of

the City force had any knowledge of it whatsoever and I didn't until quite a while after the contract had been signed. One of the reasons for this resolution was our discovery of the contract.

CHAIRMAN ALLEN: Thank you very much.

THE WITNESS: May I be excused?

CHAIRMAN ALLEN: Yes. Thank you for coming.

Mr. Shappell.

HARRY W. SHAPPELL,

produced as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name and occupation, please?

A Harry W. Shappell, criminal investigator for the District Attorney's Office, Los Angeles County.

Q Would you spell your last name?

A S-h-a-p-p-e-l-l.

Q Have you had occasion during the course of your employment with the Los Angeles County District Attorney's Office to interview a Mr. Joel E. Ogle?

A Yes, sir.

Q Relating to Mr. John J. Lipko?

A Indirectly, yes.

Q During your interview with Mr. Ogle, was Mr. Lipko

discussed?

A His name was mentioned, yes, sir.

Q Will you tell us what happened, what was said during this interview you had with Mr. Ogle on this subject?

A I have a stenographic report of the conversation which I had with Mr. Ogle, which is a part of our office file that I can quote from.

Q Do you have that report with you?

A I had it, but it will not be made available to the Committee other than to you. I can't leave it with the Committee, sir.

Q Will you read it to us?

A Yes, sir.

Q You are reading to us from a stenographic report made by you in the course of your employment in the Los Angeles County District Attorney's Office, is that right?

A Yes, sir. In Mr. Ogle's office.

Q The interview was in Mr. Ogle's office?

A Yes, sir. The 27th of May, 1957.

Q Who was present at that time?

A Mr. Ogle, myself and a stenographic reporter named Connie Pialoto.

Q Employed by who?

A The District Attorney's Office of Los Angeles County, sir.

Q Then this report that you have mentioned and that

you have in your hand is part of the files of the Los Angeles County District Attorney's Office?

A Yes, it is.

Q All right.

A To give you a little bit of the background, prior to entering this, we were primarily interested in the Camden-Dayton Company to determine if the Camden-Dayton Company did have a contract with Orange County and if the contract was then in effect and if the contract was valid, as we were investigating John Lipko in Los Angeles County.

The first mention of Lipko was on the 5th page of this document, wherein Mr. Ogle states:

"It was somewhere after that time that I met Lipko, proposing to represent some people from out of some place in Texas, not Dalls."

This reference is some time after the amendment which Mr. Martino testified in regard to.

Q All right.

A "Would you recall the name if I gave you a name?"

Q Could you read that to us as question and then answer so we can keep it straight in our own minds as you read it to us?

A My question:

"Would you recall the name if I gave you a

name? Doctor Robinson."

Answer by Mr. Ogle: "Yes. Yes. Houston."

Question by myself: "I believe so."

Answer by Mr. Ogle: "Proposing to represent he had some other, others I am not familiar with whereby they proposed to buy the Camden-Dayton Company in its entirety, script filings and all and re-negotiate with Orange County. It was about that time or shortly after that 1953 date that I conceived the idea that the County of Orange held a good title to the tide and submerged land off the coast of Orange County against the State of California. Do you see what I mean? By reason of an old grant that I had just found in 1919 granting to the County of Orange tide and submerged land which would border upon and so forth, excepting those granted to the City of Newport Beach then coupled with the Federal grant --"

There is a pause.

"Now, mind you, the Federal grant granted not only to the States, but it granted to the cities, counties, persons and corporations who had a semblance of title and patent, and whatnot. It cleared up their title. And it was about that time that I met Doctor Robinson in Dallas, Texas,

and I said to Doctor Robinson "I don't know who this fellow is" -- pardon me. "I don't know who this fellow Lipko is, but I do know this, I will have no part of him. I have nothing against him, I just don't trust him and that's it. If he is in the picture, consider us out."

Question by myself:

"You had no occasion to investigate Lipko at all?"

Answer by Ogle:

"I have never had occasion to investigate Lipko from a business standpoint. The only thing was my talking to him. You don't have to talk to a person very long before you get an idea, and an idea was all I had and I told Doctor Robinson that."

Question by myself:

"This negotiation never went any further than --"

Answer by Ogle:

"No. Conversations? After we sued."

(Pause) "Subsequent to this, now, we made a contract. The County of Orange, with the American Marine Exploration Company, to bear all of our litigation against the State of California into these tide and submerged lands. This contract

is still in existence. We sued the State of California in that matter, and it is now down for -- not for trial, it's up for motion at the present time. It was to come up next Monday, but we asked for a continuance of two weeks. Lipko read about it or something, and he called me on the telephone and wanted to talk to me. Well, I don't mind talking to anybody, and I wanted to hear what he had to say anyway. But he had so wild a scheme, an idea that if we could get these fellows together back into the Camden-Dayton setup, that he could do the whole thing himself. And I did a lot of listening and not much talking."

Question by myself:

"And it was Lipko's indication at that time" --

(pause).

Answer by Mr. Ogle:

"Well, now, that was just here -- Lipko's indication here, of, I judge two or three months ago, four months ago. The exact time, I don't know, that he had some big information that if we could make an arrangement with Cord and well, I had all that I wanted."

Question by myself:

"Did he refer to Cord and himself or he could

make the arrangements for you through Cord?
How was it done?"

Answer by Ogle:

"He didn't spell it out, but he was trying to sell me on the idea to get the American Exploration Company to merge or go in with either Cord or Camden-Dayton Company. Cord, I understand, owns quite a bit of it."

"Do you know of your own knowledge if Lipko had any interest in Camden-Dayton other than perhaps promotionally?"

Answer: "Not of my own knowledge."

ASSEMBLYMAN SUMNER: Can you just say "question" and "answer"? You are running them together sometimes, and it is kind of hard to follow.

THE WITNESS: The way this is written, all questions are by myself and all the answers are by Mr. Ogle.

ASSEMBLYMAN SUMNER: Just indicate when you give a question.

THE WITNESS: Answer to the last question:

"Not of my own knowledge, no. I do not know that he made -- I do know that he made a lot of wild statements. They might be true as far as I am concerned, but they sound wild to me, and I just don't like to do business with him."

Question: "There is about a quarter of a million dollars of other people's money that we are concerned with right now. That is what we are primarily interested in."

Answer: "It is my understanding that he took some money away from Robinson, too."

Question: "Pursuant to this particular transaction."

Question: "This particular lease?"

Answer: "You mean the second one?"

Question: "Yes."

Answer: "No, the first one."

Question: "The earlier transaction?"

Answer: "Yes. The Camden-Dayton thing. And I wanted no part of it. Now, the reason why he did a lot of talking, Lipko, about scrip, scrip filings, I don't believe there are many people in the country that know more about scrip than we know in this office, and I will tell you why. Some years back, there had been some scrip filed on county land."

Question: "Which particular scrip? There is so much of it."

Answer: "I have got a list. I suppose I am the only office in the country that has it all, unless you have. I have a list of every scrip in existence."

Question: "It would be extremely beneficial if we could come into contact with a list like that."

Answer: "We would be very glad to -- I would be very glad to give you my list. That is one of the things that made me distrust Lipko, because he made such statements as this and that, and the other, to scrip, and they could do this and that, and the other. What he didn't know was that I already knew, because heretofore we had some filings here in this County against County land plus other private land and whatnot. We opposed that in Washington, D.C. The decision that came out of Washington, D.C. denying these scrip filings was written in Washington, D.C. by a man who now works for me in this office. So, we know both sides of it. And for that reason, when he makes some of these wild statements that I don't recall what they were, but they just antagonized me. I told Robinson, I said, 'I don't know about you, but I know about me. I will have the County of Orange have no part of Lipko from now on. That's it.' Now, if you want to take a look at this list of scrip, or if you want me to furnish it, I would be very glad to do it. You can't get it unless you run

it down with a lot of research. It is difficult to obtain."

Question: "What specific scrip did Camden-Dayton turn over?"

Answer: "On this?"

Question: "Yes."

Answer: "I will have to look it up."

Question: "Would that be too much trouble for you?"

Answer: "Now, wait a minute. Does our contract provide that? (And at this time he is thumbing through the contract) This apparently is a copy of the application, yes, made July 26, 1950, on the original filing by the Camden-Dayton Company. Apparently, it reads" --

ASSEMBLYMAN SUMNER: Is he talking there or are you?

THE WITNESS: Still the answer, sir. He talked quite a bit.

"Apparently it reads 'applicant does hereby locate and select to the extent of 100 acres.' That's it, I think. That is all of the original filing a hundred acres out of a total area. The following described certificates of location issued to Thomas B. Valentine, under the act of Congress, approved April 5, 1882, 17 Statute, 649, totaling 120 acres to wit, 20 acres on certificate number" --

Do you want me to go into this, sir?

Q BY CHAIRMAN ALLEN: Is there anything more in there about Lipko?

A Yes, sir.

Q That is what we want to hear.

A Just the specific references to Lipko and that's it?

Q That's right.

A All right. Other than he states later there is no way the County of Orange could have negotiated a contract with Lipko without it coming to his knowledge, that's about the total.

CHAIRMAN ALL: All right. Any questions?

ASSEMBLYMAN HANNA: Yes.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Would you tell us again the purpose, the general purpose for which you were questioning Mr. Ogle?

I think you said you wanted to determine something about the Camden-Dayton --

A We were in the process of investigating a fraud matter in the County of Los Angeles. A portion of the representations to a victim that had invested some \$120,000 with Lipko was that they were to receive some interest in the properties held by Camden-Dayton Company through their investment with him in the Orange County area.

specifically the 900 acres in question off the shore of Orange County.

Q So you were interested to find out whether or not there was a contract between the County of Orange and the Camden-Dayton Company?

A Number one.

Q Number one. And whether that contract, if it did exist, was still in existence and was valid and enforceable, is that right?

A Further, if Mr. Lipko had any --

Q Interest?

A Interest in the Camden-Dayton Company or had any or made any effort to negotiate the contract with Orange.

Q Out of what you have there on your paper and out of your recollection, will you tell me this: Number one. Did you determine from talking to Mr. Ogle that there had been an agreement between the County of Orange and the Camden-Dayton Company?

A Very definitely.

Q Did you determine from your conversation with Mr. Ogle at the time that you had this conversation whether or not that contract was still in effect?

A It was Mr. Ogle's statement that it was his opinion the contract was null and void pursuant to the 1955 amendment, as the Camden-Dayton Company as such failed to perform their portion of the contract, therefore

nullifying the contract and terminating it back to the date in 1953 when the contract was originally terminated due to the return of the land scrip, sir.

Q Number three. Did you determine what, if any interest Mr. Lipko had in the company insofar as Mr. Ogle knew?

A By Mr. Ogle's statement, apparently none.

Q Finally, what would you say was the sum total of Mr. Ogle's contacts with Mr. Lipko in this matter? Would you say they were considerable or very sparse in accordance with the conversation you had with Mr. Ogle?

A I believe he stated he met Mr. Lipko two or three different times plus a number of phone conversations.

Q Would you say that it was his testimony to you that he had had very little dealings insofar as the Camden-Dayton contract was concerned with Mr. Lipko?

A I would say practically none.

Q That was your recollection of the testimony Mr. Ogle gave you of this interview that he had had practically no contact with Mr. Lipko relative to the Camden-Dayton agreement?

A All contacts with Mr. Lipko were relative to it. But two or three times were the sum total of the contacts.

ASSEMBLYMAN HANNA: That is all.

CHAIRMAN ALLEN: Any questions? Thank you very much.

Mr. Holker, will you come back, please?

DALE HOLKER,

recalled as a witness by the Committee, having been previously sworn by the Chairman, testified further as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Holker, you have been previously sworn, and during your testimony you identified some checks still in your files that were produced for us including one check in the amount of \$1000, signed Chav-Line Oil Company, Inc., John J. Lipko. I believe you said it was returned for insufficient funds?

A That is correct.

Q The bank lost the thousand dollars on account of this?

A No, they didn't. I would like to clear that up. Actually, I think the checks were deposited to his account at our branch and then returned. We, of course, charged them back to his account, got our money back. He just never picked up the checks and they remained in the files.

CHAIRMAN ALLEN: Thank you.

Mr. Lipko.

JOHN J. LIPKO,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Your name is John J. Lipko and you have previously testified before this Committee?

A I have.

Q Mr. Lipko, I again caution you that this Committee is not investigating and is not interested in any way in any present difficulties you have.

A I am well aware of that, sir.

Q We ask you not to volunteer any testimony on that subject or answer any questions relating to that.

We are interested in the Camden-Dayton contract and the American Marine contract and your associations with people who were involved in those agreements. And during the hearing we had in Los Angeles, you testified regarding a withdrawal you made or check cashed at the Bank of America in Los Angeles, the 7th and Flower Branch, I believe. As I recall, the amount of it, the withdrawal was \$20,000, which you testified that you handed \$10,000 in currency to Mr. Ogle in an envelope. Do you recall that testimony?

A Yes, sir.

Q We have received today from that branch of the Bank of America their records that they have made available to us on your own account at that bank, Doctor Robinson's account at the bank, and Mr. Lambert's account at the bank and I wonder if you could look

through these and identify, if you can, the withdrawal or transaction that started this passage of money to Mr. Ogle. Can you do that for us?

A I would be glad to, but may I make just a few remarks before beginning?

Q Go ahead.

A I feel like Daniel in the lion's den since listening to testimony since yesterday. I am under oath. The things I am going to say are the gospel truth based upon fact. I volunteered to the Committee months ago certain statements -- not to the Committee, I should say to the Attorney General's Office and to the Committee recently. But I believe if you stand still long enough, that the truth will come out. I intend to tell all that I know in connection with the Camden-Dayton deal, my doings with it and the doings of others that I know about.

I made a statement at the last session of the Committee that I thought I could have the records. It has made it impossible for me to have them. My best knowledge and information is all I can give, and the truth as far as I know it.

If I can look at the record for a few minutes, I will be glad to refresh my memory as to what I think took place.

CHAIRMAN MILLER: We understand the problem, and

we will take a five-minute recess and ask you to thumb
through these in the meantime.

(Whereupon a short recess was had)

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BUENA PARK, CALIFORNIA, THURSDAY, OCTOBER 2, 1958, 3:30 PM

--oOo--

CHAIRMAN ALLEN: The meeting will come to order.
Let the record show there is a quorum present.

JOHN J. LIPKO,
recalled as a witness by the Committee, having been
previously duly sworn, testified further as follows:

EXAMINATION (Continuing)

BY CHAIRMAN ALLEN:

Q Mr. Lipko, during the past few minutes you
have been going through these bank statements, I noticed.
Have you found an entry relating to the cash payment
that was made to Mr. Ogle?

A I do not find a record of it here. In fact,
I am quite surprised that the account only shows,
this is at a quick guess, less than \$65,000 being
transferred.

Q From where?

A From the Second National Bank of Houston.
There isn't a single item here from Fannin State Bank.

Q How do you spell that?

A F-a-n-n-i-n State Bank of Houston, Texas.
I think that is pretty well known at the bank that during
the period of 1954 through 1955 I have had transferred,
or rather, there was transferred either to Mr. Lambert
or to myself, out of a special account in Houston, monies

which we were supplied to use for the purchase of scrip.

The initial intention of our group was to buy scrip for scrip lands, out of which in the latter part of 1954 and early 1955, the question of scrip in the Camden-Dayton deal became a matter for us to take under consideration.

But before the Camden-Dayton deal we had one transfer, particularly, if I can remember correctly, that amounted to between 75 and \$100,000, which was obtained in cash. Arrangements for amounts above \$25,000 were made with Mr. McCarty, who was present here today.

Q Will you pull that microphone a little bit closer, please.

A Yes. Made to Mr. McCarty by either myself or Mr. Lambert, advising him that a transfer of x dollars would take place tomorrow, so that cash adequate enough could be taken from the central bank's reserves to the branch bank.

We had several transactions similar to that in excess of \$25,000 which do not appear here on the record at the bank. I don't know why, sir. I can't understand why it isn't here.

I told the Committee counsel, and also the Attorney General's Office, some time ago that they should look into that particular phase. I was unable to do so.

Mr. George Gentry, an officer at the bank,

the Fannin State Bank, was the man with whom we had been dealing on the transfers of money from that particular bank. Mr. Gentry was also incidentally used by us to check all of the alleged, or all of the assets of all of the companies that we were then presuming to buy from Cord, Scott, and Maggart, which was the offshoot of this particular Camden-Dayton deal. I can make this definite statement: that I did pay the money; that I did pay it in the presence of Mr. Lambert; that I did pay that sum of money at the Statler Hotel on or about two days after the signing of the contract. My particular role in the Camden-Dayton deal was a peculiar one in the sense I was not an official of it. I was going to be given an interest for trying to see that it was handled properly.

When the negotiations for the actual closing or proposed closing of the escrow was to take place, Mr. Cockburn came with \$100,000 in certified checks from Houston to try to close it, and we were unable to do so.

We at that time were discussing the matter with Mr. Thatcher, who was alleged to be counsel for Mr. Scott. And when the thing bogged down after several months, I made the statement that the Camden-Dayton deal, even though in the opinion of lawyers in Washington, they felt that the Camden-Dayton deal, because of it being dated 1950, might have some priority similar to the Long Beach contract, that it was a valid deal if we could

obtain it. I will finish with this, Senator Burton, in a moment.

I just wanted to get this particular point across: We at that time had substantial transfers of money in connection with the scrip situation and this particular type of money, even though it was large, \$20,000, was a small amount compared to what we were spending on scrip.

Therefore, I regret to say that even though I would like to have substantiation for what I have done, the bank records will not disclose that.

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Preliminarily, Mr. Lipko, I would like to ask you a question or two. First, can you refresh our recollection and describe to us in the closest possible detail the events immediately leading up to and the day of this alleged transaction with Mr. Ogle, and the transaction itself? Where did you get the money? Tell us about having gone to the bank and gotten the cash, and so forth. Will you refresh my memory on that?

A I will be glad to, Mr. Burton. I think the record will show at the last conference that we had a meeting at Mr. Foust's home. Mr. Lambert, Mr. Cockburn, Mr. Maggart, Mr. Ogle, Mr. Foust, and it was agreed that a certain amount of money should be paid. There was some

money paid prior to that to Mr. Maggart for getting us into the deal.

Q Excuse me. When you say a certain amount of money was to be paid, paid to whom?

A Prior to that we paid it to Mr. Maggart.

Q At Mr. Foust's home, did you say?

A That's right. A certain amount was agreed to be paid to Mr. Maggart. And then also some money to Mr. Ogle.

Q That evening in Mr. Foust's home it was decided in the conversation, including all the gentlemen that you named being present having heard it?

A That's right, sir.

Q That Mr. Ogle was to receive some money?

A That's right, sir.

Q Was he to receive the sum of \$10,000?

A Well, there was a sum discussed more than that, but we agreed among ourselves to pay 10 at that particular time.

Q Mr. Ogle wanted more, but you fellows --

A We agreed to pay less than what he asked.

Q I see. Who was present there during this conversation?

A Mr. Foust.

Q Yes?

A Mr. Lambert.

Q Yes?

A Mr. Ogle, Mr. Cockburn, Mr. Maggart, and myself.

Q Right.

A Now, may I say this, Mr. Burton?

Q Just a moment. Approximately what date was that?

A I would say it was about a month and a half or two months before the signing of this contract.

A I believe on January the 4th or 5th, was it not?

Q Of what year?

A Of 1955.

CHAIRMAN ALLEN: That is the second Camden-Dayton contract?

A That is the amended contract. That was the only contract that we worked on.

Q BY ASSEMBLYMAN BURTON: In point of time, how long was this before or after the signing of that contract?

A I would say a matter of four or five days at the most, Mr. Burton. I am just guessing.

Q Before or after?

A After.

Q How many days after this meeting in this house was the payment actually made by you?

A I would say that it ran at least six to eight

weeks because of the fact that we had to wait for an amended contract. And we had another meeting at the house in which the contract was shown to us, and one page amended I think, which is in the record here. And that was read to us.

Then we had to wait, I think, for two weeks for the Board meeting at which Mr. Lambert appeared and signed the contract.

Q Now, directing your attention to this meeting at Mr. Foust's home, was there any expressed reason for Mr. Ogle receiving any sum of money?

A Well, I think during the many conversations, Mr. Burton --

Q This evening, on this given evening, was there any discussion as to why he was to receive any sum of money at all?

A Well, it was understood by us after many conferences and talks between, say, Mr. Foust and Mr. Cockburn at the club, or Mr. Maggart and myself at the club, that Joel wanted a certain amount of money. Rhae Foust wanted a certain amount of money. And those things were part of the entire picture.

Q During the meeting at the Foust home that you have described to us was there any mention as to why Mr. Ogle was to receive this amount?

A No, other than the fact that he ought to be

paid.

Q But there was an agreement that he was to get \$10,000?

A Not an agreement to give him \$10,000. An agreement to give him a certain amount of money.

Q What was the certain amount of money?

A Well, the certain amount of money was discussed by ourselves as a request coming from Mr. Foust. Mr. Foust named the amount of money and we told him we couldn't go along with it.

Q What amount of money did Mr. Foust say?

A I would say, I am just judging, at somewhere around 20 or 25,000.

Q What was your reply?

A Well, the group, Mr. Cockburn, Mr. Lambert and myself felt that that amount of money was too much after having given Mr. Maggart a certain amount of money in initiation of this deal.

Q Who suggested the amount of \$10,000, or was that amount suggested at all?

A It wasn't suggested, it was just merely a matter of conversation, Mr. Burton, as I recall. Just came up as a matter of discussing it.

Q How did you arrive at the figure of \$10,000 which you testified before this Committee --

A How did I arrive at it?

Q Yes.

A I didn't arrive at it. It was the amount paid Mr. Ogle.

Q At the meeting at Mr. Foust's home the figure of \$10,000 was mentioned?

A No. The figure was not mentioned, sir, as such. We were told we would have to pay him a certain amount of money, that Rhae would tell us what it would be, and before we left that night we knew what it was.

Q Rhae suggested first as you recall 20 or 25,000?

A About \$25,000, that's right.

Q Later on in the evening did he suggest \$10,000?

A No, he didn't suggest it. We told him we would let him know the next day, which we did. We were in touch with each other on a day to day basis.

Q In other words, at no time during this meeting at Mr. Foust's home about which you are testifying was there any specific amount set that Mr. Ogle should receive?

A No, not specific, sir.

Q It was understood, as I understand your testimony, he was to receive some amount?

A That's right, sir.

Q When did Mr. Foust inform you as to the amount of money Mr. Ogle was to receive?

A I would say within just a few minutes before leaving. We were all breaking up. Mr. Ogle had to leave and we had a discussion for a few minutes as we were getting into the car. And as I remember correctly, I got into a very serious argument with Mr. Cockburn on the way back about paying any amount.

Q Who did you drive home with away from the Foust home?

A I drove Mr. Lambert and Mr. Cockburn back from the Foust home.

Q Did Mr. Ogle leave by himself?

A Mr. Ogle, I believe, left a few minutes before we did.

Q Did he leave the home while you were still in the Foust home? Is that it?

A Yes, that's right.

Q And he drove away while you were still in the Foust home?

A That's right, sir.

Q I see. All right. Now, who was in the Foust home when Mr. Ogle left?

A I would say Mr. Maggart, Mr. Cockburn, and myself.

Q Were you inside the dwelling of Mr. Foust when this amount of \$10,000 was mentioned?

A The amount of \$25,000 was mentioned while we

were in the house.

Q Yes. Was Mr. Ogle in the home at the time this was mentioned?

A No, he was not. I believe he left about five or ten minutes before that.

Q Was Mr. Ogle present at any time when there was discussion about him receiving any amount of money?

A Yes. He was there at the time we were talking about certain amounts of money had to be spent in the proper way.

Q I understand that. Was he present during any conversations when it was decided that he was to receive some money?

A Well, it was decided, we discussed that whole thing that evening, about him getting a certain amount of money.

Q Was he present during these conversations?

A Yes, he was, sir.

Q But he was not present when any specific amount was set? Mr. Foust mentioned 20 or \$25,000, as you recall, five minutes after Mr. Ogle left the home, is that correct?

A That's right, sir.

Q How long after Mr. Foust mentioned the \$25,000, how much time elapsed before you left the home?

A We probably left about 25 or 30 minutes later.

Q And some time between that time, in that 20 to 25 minutes, this amount, Mr. Foust reduced the amount from 25,000 or 20, to 10,000?

A No, wait. The amount wasn't reduced that evening, Senator Burton. It was reduced the next day upon discussion between Lambert, Cockburn, and myself.

Q I thought you testified to us that the amount was reduced to \$10,000 while you were out at your car waiting to drive away from the house.

A No. I don't think I testified to that, sir.

Q What discussion did you have while you were entering your car as you were leaving the Foust home?

A We were discussing the question about how much money we should pay.

Q Who were you discussing this with?

A Mr. Cockburn, Mr. Lambert, and myself.

Q Mr. Foust was not there?

A No, he was not there. We already left the place.

Q I see. The next day did you contact Mr. Foust or did he contact you?

A I don't remember. I think we all met either at the Athletic Club or at the Statler Hotel and had a discussion.

Q Who was present at that time?

A Mr. Foust, Mr. Lambert, Mr. Cockburn and myself.

Q And at that time a day following the meeting at Mr. Foust's home, the figure of \$10,000 was established?

A That's right, sir.

Q And it was established that this amount was to be paid to Mr. Ogle?

A That's right.

Q And Mr. Ogle was not present?

A That is correct.

Q Did Mr. Foust tell you he had the authority to act for Mr. Ogle?

A Well, there was no question about him acting for Mr. Ogle. We understood that at the meeting we had the first time, that Rhae was speaking for Mr. Ogle and brought him there to the meeting.

Q Did Ogle ever tell you that Foust was his agent for the purposes of this negotiation?

A He never told us, but whenever Mr. Foust would have something -- have Mr. Ogle say something to us, he would have him there to talk to us. He made the statement he could make him go anywhere and have him do whatever he wanted to do.

Q Who did?

A Foust.

Q What did Mr. Foust say?

A He said he could make him do whatever he wanted him to do, he could get that contract amended. And subsequently proved, he got the contract amended for us.

Q Could you recall any specific time this statement was made by Mr. Foust?

A I would say it was made at his home several times.

Q In the presence of Mr. Ogle?

A No. Not in the presence of Mr. Ogle, sir.

Q Did Mr. Ogle ever expressly say anything to you that would lead you to believe that Mr. Foust was his authorized agent for purposes of concluding this transaction?

A No, Senator Burton. At one particular time when I was getting very, very worried about this deal, I stopped in to see Mr. Ogle at his home. And I told him that I was quite disturbed over Mr. Foust's statements made at the Los Angeles Athletic Club that he ran Orange County and controlled Joel Ogle. I went to his home, and I believe I had a drink with him. And we talked about it.

I said, "Joel, it doesn't do you any good to have anybody talk like that, and I don't like to do business on the basis of being controlled by someone."

He thought it was a terrible statement to make.

Q Was he angry at Mr. Foust for making this statement?

A He certainly was angry at that time, sir.

Q How long prior to the meeting that you testified was this visit of yours to the Ogle residence?

A I would say it was probably four or five months after this contract was signed when I was making an investigation as to whether or not the Camden-Dayton deal could be bought.

Q Was this four or five months after you paid Mr. Ogle the \$10,000?

A That's right. There was a period, Senator Burton, from the time that the contract was signed when we were trying to actually neogitate in escrow for the Camden-Dayton deal as well as those other companies, that I was working seriously on the closing of the escrow.

Q All right. I understand all that.

A During that particular time, when I was trying to get the escrow closed, and when we couldn't close it, I became disturbed over statements made by Mr. Foust at the club. And I discussed them with Joel Ogle.

Q All right. To get back to my question, did Mr. Ogle ever express himself in any way that would lead you to believe that Mr. Foust was his authorized agent for purposes of completing this transaction?

A He never expressly and definitely stated so, but there were --

Q Did Mr. Foust ever in Mr. Ogle's presence express anything that would lead you to believe that?

A No, sir. But it was implied.

Q Now, getting up to the date when you received this money and allegedly transferred part of it to Mr. Ogle, will you describe that for us?

A Both Mr. Lambert and I went to the bank. I don't know whether the withdrawal was 20 or \$25,000.

Q What bank did you go to?

A To the Bank of America, 7th and Flower Branch.

Q Is this the Bank of America, 7th and Flower Branch records?

A That's right, sir.

Q Was this amount in savings or checking account?

A This amount could have been in a checking account or it could have been transferred. I am at a loss, as I explained to the Committee just a little earlier, that this does not reflect any transfer made directly from the Fannin State Bank to either Mr. Lambert or myself.

Q Was the account in your name, or the account in Mr. Lambert's name, or was the account in your name jointly, or under what name was the account that this 20 or \$25,000 was withdrawn from?

A I believe that the 20 or 25,000 was a direct telegraphic transfer from Houston to either Mr. Lambert or myself, and not reflected on our accounts at all.

Q Jointly?

A Might be jointly, might be separately. I mean, separate.

Q In other words, this amount was not withdrawn from the bank, it is your testimony this was a telegraphic --

A Transfer from Houston, Texas.

Q Which bank?

A I believe the Fannin State Bank.

Q Would you please tell us what branches of what banks in Houston you ever received any telegraphic money instructions or transfers from?

A The Second National Bank of Houston, Texas, and the Fannin State Bank of Houston, Texas.

Q Were there any other banks in Houston?

A No, sir. Those are the only two banks, Second National --

Q Were there any other banks in Texas other than the two you mentioned?

A No, just those two.

Q When you received this money it was from one or the other of the two banks?

A That's right, sir. And I presume in looking at the statement it would be from the Fannin State Bank.

It doesn't reflect it in the Second State Bank, sir.

Q All right. Whether the amount was 20 or \$25,000, did you take the entire amount in cash, or can you explain, refresh our recollection just in what form you took this money?

A I believe we took it all out in cash because of the fact we paying cash for scrip purposes at that time.

Q I see.

A And also paying, as I said before this particular money to Mr. Ogle. There was some money paid subsequently to Mr. Foust.

Q I am not concerned about that now.

A I am saying, in the same fashion we handled it here. So it doesn't reflect on the record here.

Q Do you recall in what denominations the bills were?

A I imagine in 50 and \$100 bills.

Q Was Mr. Lambert present at the time the bank gave this amount to you in cash?

A Yes, sir, he was. May I explain the operation, Senator Burton? You probably realized what we had to do. We would talk to Houston, Texas, probably three, four times a day. And in one of our discussions with Houston, Texas, we discussed the question of having some more money sent. And we would agree upon a certain amount

of money, and we would probably talk to Houston, say, two or three o'clock in the afternoon. Then we would advise Mr. McCarty at the 7th and Flower Branch of the Bank of America to expect a draft either to the name of C. E. Lambert or to myself in the amount of x dollars, and for him to advise the central bank of the Bank of America to have the necessary cash for us at the bank.

Now, we have done that, at least, I would say, six or seven times, just judging from memory, not from the records, in amounts anywhere from 20 to a maximum of \$100,000.

At one time I paid for scrip in the sum of \$83,000, of which \$100,000 was transferred on a certain day.

Q So Mr. Lambert and you were at the bank, and you received the amount of \$20,000 in denominations of 50 and 100 dollar bills?

A I would say either 20 or 25, sir.

Q I see.

A I don't remember.

Q Can you describe your activities from that point to the time of your alleged payment to Mr. Ogle?

A The bank is just about a half a block away from the Statler Hotel.

Q Yes?

A We both walked to the Statler Hotel

Q What time did you get into the bank, may I ask? Do you recall?

A I believe it was some time before noon.

Q What time did you leave the bank?

A I would say right just about noon. We went together to the bank, usually the transfer was already effected.

Q So you arrived at the Statler about 12:15 or 12:30?

A About that, between 12:15 and 12:30.

Q Describe for us what happened at the Statler.

A Well, I waited, Mr. Lambert had to make a telephone call, if I remember correctly, at the telephone booth. And I had talked to Mr. Ogle that morning, told him we would meet him in there about 12:30, quarter to one.

Q Did you call Mr. Ogle at his home?

A I called him at his home.

Q His home?

A Yes, sir.

Q Not at his office?

A No, I called him at home that time of the morning.

Q What time of the morning did you call?

A I would say about nine o'clock.

Q Where did you call from?

A I called from either -- my home. I believe I called from my home, sir.

Q I see. Now go on.

A I waited at the telephone booth for Mr. Ogle, to meet him. Mr. Lambert was standing at the mail, or what they call the information section of the lobby, and watched this transaction. It was our understanding at all time between Mr. Cockburn, Mr. Lambert and myself that in paying this particular money some one of us should observe it. I felt that it wasn't proper, to be very honest with you. I stated that they should take my word for the payment.

But Mr. Lambert was persistent, and I said, well, if they want to be satisfied it was paid, the money was put in an envelope. I am talking about a white envelope.

Q Was the envelope sealed?

A The envelope was sealed by me at the bank in the presence of Mr. Lambert. It was stuck in this particular pocket, and I met Mr. Ogle by the telephone booth and I handed him the envelope.

Then we joined Mr. Lambert and had a drink, and had some lunch on the terrace.

Q All right. As I understand your testimony, you received 20 to \$25,000 in denominations of 50 to \$100

bills. Did you count out the \$10,000 and place it in the envelope?

A No. When we got the money from Mr. McCarty we separated 10,000 of it before we --

Q Then you put that in an envelope?

A That's right, sir.

Q Then as you were walking out, you sealed it in the presence of Mr. Lambert?

A Sealed it right where we were. In fact, we were getting our money, there is a special cage they have in the bank for the payment of large sums of money, segregated from the rest of the bank.

Q What did you do with the rest of the 10 or \$15,000?

A I believe I paid the rest of it after noon --

Q Excuse me, physically, what did you do with it, give it to Mr. Lambert, or whom?

A No. I put it in my other poacket.

Q What pocket did you keep that envelope in?

A I kept it in this pocket here, sir. (Indicating)

Q Then the two of you proceeded to the Statler? What floor did you go to?

A We went to the lobby.

Q When you phoned Mr. Ogle in the morning you arranged to meet him in the lobby, is that it?

A That's right. Statler Hotel lobby.

Q Was he there when you arrived?

A No, he was not. We waited about 10 minutes.

In the meantime, Mr. Lambert had to make a telephone call to someone.

Q You and Mr. Lambert arrived together, when you saw Mr. Ogle wasn't in the lobby Mr. Lambert went away presumably to make a phone call, and you were there alone, is that right?

A That's right, sir. He went by me as I was standing in front of the Western Union, went by me again, said he made his call and he would be standing waiting for me at the other end of the lobby.

Q How far away from you was he?

A I would judge about 25, 30 feet. Whatever the distance is from the Western Union in the lobby to the information or mail section.

Q You were waiting by the mail section?

A No. I was by the telephone booths, sir.

Q By the Western Union?

A The Western Union and telephone booths are in proximity.

Q Mr. Ogle came up and what conversation, if any, did you have?

A Well, the only conversation we had, he said, "Well, thanks very much." And he said, "I will be able

to do something with that Joshua Tree deal that I am working on."

Q What did he say to you as he approached you?

A He simply said, "How are you?" And, "Do you feel like a good lunch?" Or some remark that didn't make any particular impression.

Q What did you say?

A I said, "Fine." Just handed him the envelope. I didn't even comment on giving him the envelope. It was a matter of understanding between us.

Q Were you in plain view of everyone when you handed him this envelope?

A I would say, Senator Burton, that we were facing each other within two feet when I handed him the envelope.

Q Were there people around and about the lobby at this time?

A If there were, I paid no attention to them.

Q Mr. Lambert stated in his affidavit that he never at any time saw you hand Mr. Ogle any money in an envelope, package, paper, or anything else. What do you have to say to that?

A Senator Burton, I have nothing to say other than the fact that the event I speak of took place. Mr. Lambert's statement notwithstanding.

Q Mr. Lambert says he doubts that any such

meeting ever took place in the Foust home as represented by you. What do you say to that?

A I will say that Mr. Lambert knows that a meeting took place, and I can't understand why he would write such a letter.

Q Would you say that one of the two of you were lying?

A Senator Burton, I have appeared here before this Committee voluntarily.

Q I understand that.

A I am under oath, sir.

Q I just asked you the question.

A I am under oath, sir.

Q I understand that.

A And I am saying this in a spirit of cooperation. I am here before the Committee voluntarily. I am speaking the truth. I am not putting it in writing and sending it by mail. I have no answer for Mr. Lambert's statements. Only one answer that I would like to raise, which I think affects me personally.

Q All right.

A He states in his letter about my incarceration in Denver. And since it is a matter of public record now, I would like to clear that up, if I may. It will only take about a minute and a half to do so, which I think is highly important to me, as to the credibility

of Mr. Lambert?

Q That is for the Chairman to decide.

CHAIRMAN ALLEN: Go right ahead.

THE WITNESS: Mr. Lambert, Mr. Ogle, Mr. Foust, H. C. Cockburn, and all the gentlemen with whom I have done business have full knowledge of that particular fact in my life, and with anybody that I did business I made my position clear with respect to that occurrence in my life of 20 years ago.

I was an active worker for Governor Pinchot of Pennsylvania in 1931. In 1932 I started a public utility -- anti-public utility organization, was on the radio, and held before a similar judiciary committee, and the ouster of the entire public utility commission body en masse. I personally directly and indirectly obtained over \$60 million in refunds for the people of Pennsylvania. This is a matter of record. I was quite proud of the record, but embarrassed over the situation which occurred.

In these activities I had a payroll of about \$14,800 every two weeks, of an engineering group. I was then helping the sponsorship of T.V.A., Grand Coulee, along with Senator Norris of Nebraska, Senator Long of Louisiana, Senator C. C. Dill of Washington. There were a series of arrests, embarrassment. The outcome of it all was that one arrest involving alleged embezzle-

ment of a small state bank was made upon me and my organization. The charge of embezzlement by the state courts was thrown out after a series of any delays wherein the newspapers would carry headlines about me every term of court.

It subsequently came to a federal charge after being thrown out of a state court. And I was tried after an agreement for conspiracy to embezzle, in order to make it easier for the cashier of the bank. We were both sentenced to six months in jail. I was not asked to surrender for a period of a month and a half or two months. I served about 110 days.

I am not proud of that particular record, but I am very proud of the fact, and the present Governor of Pennsylvania and the former Governor of Pennsylvania will tell you that my activities in the public interest resulted in about \$60 million in refunds.

What I am leading up to, Senator, Mr. Lambert knew about his.

Q BY ASSEMBLYMAN BURTON: Excuse me. I just have one question. Are you saying that Governor George Lader --

A Not Lader. I am talking about Governor Fine, the former Governor of Pennsylvania, would be glad to testify to my qualifications, my personality, and Mr. Lambert knows it. Knows that the former Governor felt

that way, Governor Fine.

Q Just one more question. Has Mr. Ogle ever made any verbal reference or written reference to this transaction to you in the presence of any other person?

A No, sir. But he has on occasion, Senator Burton, asked me if I could get more money for him.

Q Has he ever asked you that question in the presence of anyone else?

A No, sir.

Q Did he know that Mr. Lambert was observing this alleged turn-over of the envelope?

A No, sir, he did not know that, sir. But he knew that Mr. Lambert and Mr. Cockburn and myself agreed on the payment of it.

Q What did Mr. Ogle do immediately after receiving, allegedly receiving this envelope?

A He stuck it, I believe, in his righthand coat pocket, we went and had something to drink and had some lunch on the terrace lounge.

Q Who did you have the drink with?

A Mr. Lambert. In fact, Mr. Lambert was waiting for us. We went with Mr. Lambert right in the very same room.

Q Could you see Mr. Lambert at the time you were turning over the envelope?

A I could see Mr. Lambert, yes.

Q Could Mr. Ogle?

A No. Mr. Ogle didn't know he was in the lobby at that time. Wasn't aware that he was in the lobby, although he knew we were going to meet for lunch.

Q In other words, it is your testimony that at no time did Mr. Ogle ever make a verbal or written reference to this transaction in the presence of any third person?

A No, sir, with the exception of the arrangements made prior to that. And Mr. Ogle knew and had knowledge that Mr. Lambert, Mr. Cockburn, and I knew that money would be paid.

Q You haven't testified as to any specific instance where Mr. Ogle made any reference to this. Your testimony was --

A Not to this particular transaction, Senator.

Q This particular transaction is what I am talking about.

A But an arrangement was made to carry out this particular transaction prior to that, sir, and Mr. Ogle knew about it because we had a meeting at Mr. Foust's house discussing money, but not a specific amount, sir.

Q All these other fellows heard it?

A Everybody was present. We all discussed it openly. We were among friends, as it were. We all had a drink together.

ASSEMBLYMAN HANNA: Mr. Chairman?

CHAIRMAN ALLEN: Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Mr. Lipko, first of all, relative to this embarrassing situation in your past that you have referred to, when you answered to the question asked last time, "Have you ever been held guilty of a felony?", your answer being "No", did you have in mind at that time this particular incident in your past?

A Senator Hanna, I am glad that you raised that question. I was going to bring it up, and it slipped my mind. I think about 10 days ago Mr. Martino came to see me. And he mentioned the fact that my testimony before the Committee was probably in error.

In a discussion before the court on this particular conspiracy to embezzle we made a plea of guilty, both the cashier of the bank and myself. I was told at that time, and until I talked to Mr. Martino, that we were pleading to a misdemeanor charge, which would not carry more than six months. And that has been my belief all these years, sir. It is over 20 years.

Now Mr. Martino called my attention to the fact that the thing would be in the state court, possibly, considered a misdemeanor. But in the Federal court it would be construed otherwise. I don't know. I haven't

looked up the law on that.

If it applies to that, in that respect, Senator Hanna, I will withdraw my statement, based upon my knowledge at that time, and based upon my present knowledge at this time. Thank you for bringing it up. I appreciate it.

Q Yes. I wanted to get that clear in the record.

The second thing I want to get clear which I do not think in the record is entirely clear, and that is just exactly what the relationships of all the parties were who were present at Mr. Foust's home.

Now, in order to clear this up, I want to ask you some questions and get your direct answers, yes or no, on it.

At the time that this meeting took place was your interest in the Camden-Dayton agreement per se as follows:

1. You wanted to get the Camden-Dayton agreement amended to make it effective following the decision of the Department of Interior that scrip lands did not include tidelands.

2. That thereafter it was the expectation of your group to sell at some profit to yourselves the interest in that agreement after it had been amended.

Is that substantially correct?

A Senator Hanna, I would like to develop that.

It will take only about two minutes to do it, and give you the answer to it, which will simplify it. I will say yes, in part.

I was representing Doctor Robinson's interest in scrip. Scrip was our principal factor of operation here at that time. That is, the purchase and acquisition of scrip.

As a result of our purchase of scrip, Mr. Maggart introduced us to the possibility of the Camden-Dayton deal. We found out after investigation of it that in order to acquire that particular 100 per cent stock of Camden-Dayton, it was then in litigation between Mr. Cord, Mr. Scott, and Mr. Maggart, that we would have to take over about 13 or 14 respective companies. The amount involved would be about a million or \$2 million.

Doctor Robinson and other people have tax monies wherein they could drill for oil. We didn't arrive at this conclusion in a matter of a day, sir. We went to Washington. We had discussions with lawyers in Washington. Discussions with lawyers elsewhere to find out whether or not this particular contract could be a valid contract if we were to buy it out of this particular escrow arrangement. And as we were proceeding with it, there was a hurry up theory all of a sudden developed over night. There was fear. If we didn't get, pay this money to Mr. Maggart, and if we didn't have this contract

passed by a certain time, and payments of money being made by a certain time, we would lose it. And I was bewildered because in the first place, until an escrow is closed, Senator Hanna, you don't own anything.

Q Let's get the record straight. First of all, I am not a Senator. I am just an Assemblyman. I want to get that clear.

A I am sorry, sir.

Q Secondly, I am not interested in all of these ramifications per se. I want to know in your representation of Doctor Robinson, were you interested in buying scrip, or were you interested in buying the interest such as there might be of Camden-Dayton?

Now, just answer me yes or no?

A Yes. We were interested in buying the interest of Camden-Dayton if it could be bought, sir.

Q All right. We have got that established.

A That's right.

CHAIRMAN ALLEN: Mr. Hanna, let me interrupt you for a minute, if I may.

ASSEMBLYMAN HANNA: Go ahead.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Lipko, I will show you what appears to be a typewritten copy of a letter from the Fannin State Bank, Houston, Texas, addressed to Mr. George B. Bush, Reno,

Nevada, relating to a proposed purchase of certain properties by a customer of the bank, and attached to the copy of the letter is a long list of stocks and scrip starting with all the stock of the Camden-Dayton Company, a Nevada corporation.

I will ask you if you can identify that for us?

A Yes, sir. This is a copy of a letter that I just referred to, or, rather, this particular deal that I referred to to Mr. Hanna. Assemblyman Hanna.

Q Now, when did you receive a copy of this letter?

A I would say that I received a copy of this letter simultaneously with the date of it, November 8 or 9.

Q 1954?

A 1954, yes, sir.

Q Why is the top of the page marked copy, January something, 1955?

A Well, it might have been copied by someone else again from the original copy. Let's put it that way.

Q All right. Attached to the copy of the letter is a long list of properties. Are you familiar with those?

A That's right. Those particular corporations were the corporations that we had the assets in escrow

for the purchase of a sum of \$2 million.

Q Well, is this the escrow you were discussing in response to Mr. Hanna's question?

A That's right. This is the escrow we were speaking about. We then subsequently had Mr. George Gentry, who is an officer of the Fannin State Bank, come to Los Angeles and personally go through all the stock certificates on all of these particular properties that were lying in the bank, the Bank of America Main Office, and I also have in my files a report from Mr. Gentry outlining these particular certificates that were missing, or any item that was missing from the various corporations. This was what our principal motive was, to buy this so that we could make a valid contract of Camden-Dayton -- or rather, make a valid deal if it was such.

That is how we got embroiled in the Maggart deal and the other things. This is a list of the entire number.

CHAIRMAN ALLEN: All right, go ahead, Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA: (Continued)

Q Now, if I get the personnel straightened around in my own mind, the purchaser was to be Doctor Robinson, is that correct?

A Doctor Robinson or his nominee, Mr. Richardson.

Q Or his nominee?

A That is correct, sir.

Q And representing directly Doctor Robinson was yourself and Mr. Lambert --

A Mr. Lambert was representing him, as well as Mr. Cockburn.

Q And Mr. Cockburn?

A That's right.

Q So that the three of you were representing Doctor Robinson?

A Not the three of us, sir. I was representing Doctor Robinson jointly with Mr. Lambert. Mr. Lambert was representing Mr. Cockburn as well as Doctor Robinson.

Q Well, was Mr. Cockburn going to be Doctor Robinson's nominee?

A No, sir. He was going to be an associate of his, or a partner of his.

Q But he was going to be one of the principals with Doctor Robinson?

A That's right, sir. We had a joint interest, both Mr. Lambert and myself, of 25 per cent of any of these corporations if and when they were purchased by us.

Q That takes care of three people who were at Mr. Foust's home: yourself, Mr. Lambert, and Mr. Cockburn.

A That's right, sir.

Q Now, Mr. Foust, who was present, was a person who at that time had some interest in Camden-Dayton?

A No, sir, not that I know of.

Q Was he a person who was acting as a catalytic agent to bring everything together, or just exactly what did Mr. Foust have to do in this arrangement? What was his direct role in this?

A Mr. Hanna, all I can tell you is what I was told.

Q What were you told?

A We were told by Mr. Maggart that in order to get anything done with Camden-Dayton, that he originated the original Camden-Dayton deal in 1950.

Q That he, meaning Mr. Foust?

A Mr. Maggart.

Q Mr. Maggart originated the original deal?

A The original deal with Mr. Cord and Mr. Scott, and had to work through Mr. Foust.

Q And they, in making the original deal, worked through Mr. Foust?

A That's right. They told us we would have to do the very same thing, sir.

Q And therefore, in making your deal you would also have to work through Mr. Foust?

A That is correct, sir.

Q Now, Mr. Maggart, who was also present, was representing the then owners of these assets that are listed here?

A He is one of the owners of it, together with Mr. E. L. Cord, and Mr. William Scott. At least he was listed at that time, sir.

Q And did he represent to you that he was representing all of the principals involved?

A Mr. Hanna, I don't know that. I tried to find that out subsequently. And I believe when I gave up in discouragement four or five months later, we tried to find out whether or not he represented Cord and Scott. I made a visit to Mr. Neuhoff's office who was reputed and I believe is the counsel for Mr. Cord. I made a trip to Reno to try to see Mr. Cord to find out. The only thing that I can say now to you that actually what took place, the delivery of all the stock, the delivery of all the papers in connection with these corporations were delivered to a bank upon Mr. Maggart's orders or suggestions. So I presume from that that he did have some control over the deal.

Q Did you have any papers signed in the escrow?

A No, sir, we did not. All we had was a letter of instructions to Mr. Bush. That was on the stationery of the bank, sir.

Q Did you sign any letters of instruction?

A No, sir. I was only acting merely as a spokesman and an agent.

Q Did your principal sign any letters of

instruction to the bank?

A Outside of the bank doing that, which you see there, I don't know of anything else, sir.

Q All right. Now, Mr. Maggart and Mr. Foust are now tabbed with the role you understood they were playing, and the only other person that was present was Mr. Ogle, is that correct?

A You mean at this meeting down there, sir?

Q At this meeting?

A No. Mr. Lambert and Mr. Cockburn were there.

Q I know. We have already talked about them. With you three representing your principals as purchasers under this agreement.

A That is right, sir.

Q There was Mr. Maggart, representing, as you thought, the principals who then owned these things you were trying to buy?

A That is correct, sir.

Q Mr. Ogle, who represented the County of Orange; and Mr. Foust, whose character reminds me of a certain character I read about in college, somewhat similar in name, Doctor Faustus.

But those were the persons present, and those were the roles you understood they were playing, is that right?

A That's right, sir. That's right.

Q Now, let me ask you further, are you now or have you ever been an attorney in the State of California, or any place else in the United States?

A I have never been an attorney. I have never said that I was an attorney.

Q Wait a minute. That is all I asked you.

A I am not responsible for what Mr. Foust might say about this.

Q You have never been an attorney?

A No, sir. Never made the statement to anyone. I have a knowledge of law because I fought the public utilities. In that respect, I was public utilities counsel before the commission for four years.

Q Well, you have an interesting background, but we have got to move along here. So, if we can, confine it to the answers here.

You did hear the testimony regarding your presence in a rather impressive Cadillac to meet certain emissaries from Magnolia, Arkansas? Is it your testimony that that meeting actually occurred?

(Discussion off the record by the Committee)

(Pending question read)

THE WITNESS: I am certainly grateful to you, Senator Hanna, for bringing that up. The only knowledge I had of such a situation to occur was a telephone call from Mr. Foust from Dallas, Texas, asking me to meet some people

that were coming in for the purpose of buying an interest in Camden-Dayton. I had an impressive Cadillac. I have had several of them. I drove this particular car to meet these people. They were total strangers to me.

I didn't know anything about any prior conversation. Had no knowledge of it. And I asked Mr. Foust what it was all about. And he told me that he thought that they would put up the money that Mr. Cockburn didn't put up in this particular escrow.

Well, I said, "We haven't even settled the escrow yet. There are problems within it." He said, "No, I can get these fellows to put up the money." I said, "I am perfectly satisfied to sit down and tell them our particular part in the deal."

"I am going to do better than that", he said. "I am going to have Joel Ogle here. And he will put the pressure on to see that they will do it."

I explained as best I could our information obtained from lawyers in Washington as to what they thought of the Camden-Dayton deal, if it was a valid deal. What we thought about the rights between the State and the County, based on oral opinions and written opinions in Washington. And I didn't do any more than actually talk possibly 15 or 20 minutes in connection with the matter.

Q Where did this meeting take place?

A In the Los Angeles Athletic Club, at my expense, sir.

Q And is that the place you took these gentlemen from the airport?

A That's right, sir. It was Mr. Foust's suggestion that they stay at the Athletic Club, not mine, sir.

Q And is it your testimony that so far as you were concerned they were not to be Doctor Robinson's and Mr. Cockburn's nominees?

A No, sir. In fact, they had no knowledge of Mr. Cockburn or Doctor Robinson, or anything. They were supposed to supplant us, according to Mr. Foust, and we would end up with a piece of it. That is the way he put it to us.

Q Did you inform these people from Arkansas about the pending interest of Doctor Robinson and Mr. Cockburn?

A Mention was made of the fact by Mr. Ogle and Mr. Foust that we had in escrow these various corporations, and we were dealing at that time with Mr. Thatcher, who was an attorney from Reno, and the amount of the money involved was a million dollars. We told them we were negotiating, we had that in the bank at that time. Not under option. The word option was used in the letter here by Mr. Clegg, and whatever his name was. It was not

an option. It was merely an escrow, an open-end escrow.

Q Well, you have put your finger on a rather crucial point here. The money that was to be paid into that escrow was going to somebody that was represented by Mr. Thatcher, was it not? i.e. Mr. Cord and others?

A That's right, sir.

Q The money paid in escrow would not necessarily go to Mr. Maggart? Is that also correct?

A No, that isn't, sir. That isn't correct at all.

Q Would a portion of it go to Mr. Maggart?

A Yes, it would.

Q Then what were these monies that were paid outside of the escrow going to Mr. Maggart for?

A We bought scrip. I think we bought close to \$300,000 of scrip from Mr. Maggart, which we still own.

Q Was the purchase of that scrip from Mr. Maggart such as there might be conditional upon the agreement that was in escrow for the purchase of these other items that we have referred to?

A No, sir. We bought the scrip without any knowledge, prior knowledge, of this deal at all. This deal was an eventuality from the scrip picture, sir.

Q Then when you testified as to the amount of money that was being discussed to go to Mr. Maggart at this same meeting at Mr. Rhae Foust's house, along with

certain monies that were to go to Mr. Ogle, is it your testimony now that these two sums of money had no relationship one to the other whatsoever?

A The monies paid to Mr. Maggart were paid for scrip as well as for services rendered in connection with the Camden-Dayton deal.

Q Now, wait a minute. You are telling me something different now. You are saying that the money paid to Mr. Maggart was for two things. One for some scrip?

A When we bought scrip it was for scrip, sir.

Q And money that was additionally paid for services rendered by Mr. Maggart?

A When it came to the Camden-Dayton deal, and working out of the Camden-Dayton deal, that money at that particular time was paid for the Camden-Dayton deal. We were in the scrip picture for part of that, sir.

Q When you talked about the Camden-Dayton deal at our last meeting, one sum of money was to go to Mr. Ogle, right?

A That's right.

Q You said you passed it to him. Another sum of money was to go to Mr. Maggart?

A For purchase of scrip.

Q At that time that money was to go for purchase of scrip?

A That particular sum of money was to go for the

purchase of scrip, sir.

Q Did you later on give Mr. Maggart other monies in connection with the services he rendered on this Camden-Dayton agreement?

A We gave money prior to the payment of Mr. Ogle to Mr. Maggart.

Q And that was for the services rendered?

A That's right, sir.

Q In connection with the amendment to the Camden-Dayton agreement?

A That's right, sir.

Q I think we must watch very carefully as you are referring to these sums of money that we know and understand exactly why you were paying the money, to whom you were paying it, and for what you were paying it.

A Will you forgive me, Mr. Hanna, because I of my knowledge of it, I assume that you must have knowledge of it. I shouldn't have done that.

Q We make no such assumptions, because I don't think they are justified in my understanding of this relationship and all these sums of money passing back and forth.

A I am glad I could help you straighten it out.

ASSEMBLYMAN HANNA: That's all at this time, Mr. Chairman.

CHAIRMAN ALLEN: All right.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. Lipko, on this escrow that was started on the sale of these properties to the Texas group, and there has been mention of the Arkansas group that came out here as prospective customers, what price was supposed to be paid if the deal went through to the Camden-Dayton owners, such as Mr. Cord, Mr. Scott, and Mr. Maggart?

A The question of the amount of money that we paid to Mr. Cord, Mr. Scott, and Mr. Maggart took place, we originally were told it would cost \$2 million. Subsequently, after some investigation, we tried to find out just how much interest Mr. Maggart had. We learned that the actual amount of money being paid to Mr. Scott and Cord for about three-quarters of it was less than \$900,000.

I went to Mr. Maggart and I stated the fact to him that we found that out, and he offered to reduce the price to somewhere around a million dollars.

We then went into negotiations on a million dollar figure.

Now, here is what would take place, Senator. We were to put the money into escrow in the name of George B. Bush as agent for the escrow. Now, as to the

disposition of that money from escrow to the principals, I wouldn't know what would happen to that. I wouldn't know who would get it. All we were buying is actually all of these various corporations delivered to us against a million dollars paid to Mr. George B. Bush.

Q I have some documents here that I believe came from your files. I would like to have you identify them, if you can.

Here is a receipt for \$6,000, signed by Roy Maggart, October 8, 1954. Will you identify whether or not that is Mr. Maggart's handwriting?

A Yes, sir, it is.

Q All right. Mr. Cook, will you mark all of these documents we are putting in here as one exhibit?

Next, a photostatic copy of a letter addressed to you from Cockburn Oil Corporation in Houston, Texas, that I referred to earlier in questioning Mrs. Lipko.

A That was received by me, sir.

Q You received that on about that date?

A I would say within several days after that date of the letter. It takes a couple of days to come from Houston.

Q A copy of a letter dated June 18th, 1954, signed by Walter H. Nelson, addressed to George B. Bush, Hotel Statler, Washington, D. C.

A That is Mr. Nelson's signature. I don't know

when I received this, sir. It was received by Mr. Bush. It was addressed to Mr. Bush.

Q Where did you get a copy of the letter?

A I probably got a copy of the letter given to me by Mr. Bush, or Mr. Nelson.

Q I have here two pages, carbon copies of a letter addressed to Mr. Cockburn, dated December 10, 1954. The other pages are missing. Only the first two pages are there.

A Well, Senator, the files, my files are scattered. At the moment, I think that the latter page, the last page of this, is in another file.

Q Well, is that a copy of a letter that you wrote?

A It is a copy of a letter that I wrote. I think I stated that.

Q Who typed the letter?

A I think somebody probably at the club, or some place else. It is not a professional job.

Q Here is a handwritten receipt, July 13th, 1954, \$2,000, signed George B. Bush.

Is that Mr. Bush's handwriting?

A That is Mr. Bush's writing, yes. I paid him \$2,000 for expenses to Washington and New Orleans, yes.

Q On the stationery of the Los Angeles Athletic Club is a seven-page handwritten draft of a proposed

contract, apparently relating to Bedford-Wilshire stock. Can you tell us whose handwriting that is?

A This is in my handwriting.

Q Where did you get the proposed terms?

A After discussion with Mr. Maggart, and I think Mr. Thatcher, counsel for Mr. Cord, we were trying to find out just exactly how to work this particular memorandum, I believe, that appears with Mr. Richardson's signature, or Mr. Gentry's signature. This is what I suggested would cover all the points in order to protect our particular interest if we bought. And it is merely a rough draft of a proposal.

Q Here is a letter from Coastline Land Co., a Nevada corporation, signed, Roy Maggart, president, addressed to John J. Lipko and Associates, Sheraton Park Hotel, Washington, D. C.

I ask you if that is Mr. Maggart's signature?

A Yes, sir. I think we subsequently bought the Coastline Land Company.

Q Did this Coastline Lands Company have some relation to the Camden-Dayton contract?

A The Coastline Land was one of the corporations that owned some scrip. We bought this corporation. We own it presently.

Q A letter from Drew L. Smith, attorney at law, in New Orleans, addressed to George B. Bush, dated July

9, 1954.

Can you identify that letter?

A Yes. It is the signature of Mr. Drew L. Smith. He is also an attorney, or, rather, he is an attorney in New Orleans, and I have engaged him for some operations we have in Louisiana at present.

Q Did you ever pay any money to Mr. Ogle other than the \$10,000 that you have described already?

A Senator, I will have to get a copy of my records. Certain notations which I have. In my divorce proceedings my private papers that were in my safe at home were held by my wife for a period of about a year and were returned to my counsel in a civil matter, Mr. Whelan. I have not yet looked at them. I would have to refresh my memory from certain notations which I have.

CHAIRMAN ALLEN: Mr. Burton?

ASSEMBLYMAN BURTON: In that regard, if I may ask this question --

THE WITNESS: I don't think. In fact, I want to finish my answer. I don't think so, other than this. This is the only thing that stands out in my mind at all, sir.

FURTHER EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Because you have been incarcerated you have not been able to go home to your safe and get these papers?

A Senator Burton, I have a very, very good memory, but my memory in the last couple of months has not been helped by incarceration. And I would like to do justification to Mr. Ogle, and to all parties concerned here, as well as to myself.

Q Let me ask you this question: is this record that you referred to at the last meeting in your safe at home, or was it when you last --

A It was, sir, and I don't know whether it is now or not.

Q The last time you personally touched the records, or your notations of the records, with reference to this dealing of Mr. Ogle, they were in your safe at home, is that correct?

A That's right, sir. I want to explain --

Q Well, please. Let me continue. Has your attorney been given the entire contents of that safe?

A I believe he has.

Q All right.

A I think there was an order to do so, but I haven't seen the paper, sir.

Q All right. And if your attorney has been given the entire contents of the safe, and if in those contents there is not this record, then do we have a right to assume that there is no such existing record of this transaction with Mr. Ogle?

A You mean speaking of the \$10,000 transaction?

Q Yes. Assuming, number one, the attorney has been given all the records in the safe; and number two, there isn't among those records this notation that you handled, that we can assume it has been misplaced or lost if it existed at all?

A I believe it does exist, sir. I believe it is there.

Q At any rate, your testimony under oath is the last time you personally touched or observed this record of yours it was in your safe at home?

A That's right, sir.

Q Not in your office?

A That's right. But, in addition to that, the records of the bank will confirm the withdrawal of funds that day.

ASSEMBLYMAN BURTON: I have one or two other questions, but I will wait.

ASSEMBLYMAN SUMNER: I do, too, on that same thing.

ASSEMBLYMAN BURTON: Let me just squeeze this one in.

Q BY ASSEMBLYMAN BURTON: Did you ever refer in your dealings with these people from Arkansas, or to others, that you were a public utilities counsel in Pennsylvania?

A I never. I never brought the public utilities

actions to the attention of anybody except Mr. Maggart, Mr. Ogle, and others, in doing business with them. In fact, my conversations with the group from Arkansas only took place one evening, sir.

Q Fine. The last hearing when you made what I described then as a very grave charge, you said you had records you were going to tell the Committee counsel about so we could get them. What did you tell our Committee counsel, or what steps did you take to get your records of this transaction with Mr. Ogle?

A I have done everything that I possibly could. I have had conversations with the Committee counsel, conversation with Mr. Martino, told them where I thought the records would be. And I would be glad to give them all the assistance in order to get them.

Q Did you tell them you thought they would be in the safe?

A I did. I also told them I thought they would be in Mr. Whelan's office, where I thought they would be. I didn't tell you that. I think Mr. Martino is the one I told.

Senator Burton, may I just add this particular statement to the fact which I claim is a fact? I have had this thing on my mind for the past two years. My consideration of Doctor Robinson is such that I wanted to see the matter cleared up. Mr. Lambert knows of my

personal knowledge of this particular thing, knows it as late as seven months ago, or eight months ago, before my incarceration.

Q How did he know seven or eight months ago that you knew of this transaction with Mr. Ogle?

A I told him about seven or eight months ago something should be done about going along with a deal like there is in Orange County, because I knew he had a part of it.

Q Was there any third person witness to that conversation?

A No. No, sir.

Q Because right now all you have given us is completely uncorroborated charges without any -- not only without any documentary substantiation, but also with a direct sworn refutation of the statement you have made. That is all that is before us at this moment.

A Well, the only thing I can tell you is this: Mr. Lambert is not there, and I will be glad to go to Mr. Lambert and actually get this thing worked out with him. I made that statement to the Committee. Mr. Lambert knows that to be a fact. Has known it ever since it occurred.

CHAIRMAN ALLEN: We tried to get Mr. Lambert to come here and testify and we were unable to do so. That is the reason.

ASSEMBLYMAN BURTON: We have his sworn affidavit here.

CHAIRMAN ALLEN: That's right. But he was not willing to come here. I don't know whether it is material or not, but we did try to get him.

Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q As I understand it, the only monies that you are testifying that you gave to Mr. Ogle was this one incident where you gave him the \$10,000, is that correct?

A That's right, sir.

Q You have no recollection of any other?

A I don't have, sir.

Q Did you ever tell anyone that you gave him an additional amount?

A I never made any statement to anybody else but the Committee, sir. I thought I made a statement to Mr. Martino, or Mr. Cook, that I thought there were one or two other transactions.

Q Did you ever tell Mr. Cook --

A I will try to refresh my memory and find out from the record if that is so.

Q Did you ever tell Mr. Cook there was an additional \$5,000?

A I believe there was. But as I made a statement

a while ago here, I would rather have my records to refresh my memory before I make the statement. I made the same statement to Mr. Cook. I would rather refresh my memory as to date, time, and place from the records I have.

Q You are saying that you only have a recollection of 10, and anything you said regarding five additional you have no recollection of?

A I didn't say I have no recollection. I would rather refresh my memory from the records.

Q Well, I just asked you the question, if you gave Mr. Ogle any amount in excess of the \$10,000, and you just told me you had no knowledge of your having done so.

A No, I didn't say this, Mr. Sumner. I meant to say this, like I said to Mr. Cook, I believe that there was another payment of five. But I would rather have my records to actually find out whether there was or not. Isn't that what I said, Mr. Cook?

Q When and where did the five take place?

A I would say at the Statler Hotel, too. I think in my memory there was another payment made, but I would like to look at my records. And I don't want to make an unjust statement even now until I look at my records.

Q Mr. Lipko, would you be willing to submit to a polygraph?

A Certainly, sir.

ASSEMBLYMAN SUMNER: Mr. Chairman, could we make a polygraph available so we could have a test on this?

CHAIRMAN ALLEN: We will try to arrange it.

THE WITNESS: I will be glad to do that, if you can get Mr. Lambert here, or Mr. Ogle, too.

Q BY ASSEMBLYMAN SUMNER: Well, we don't want any conditions on it, Mr. Lipko. If you are willing to submit to a polygraph as you told us and the newspapers here --

A Senator Sumner, I didn't mean it in that respect. I will still take it. But I would also like to have Mr. Ogle take it, too. I will make mine regardless of whether he does or not.

Q You will unconditionally?

A Unconditionally. But that was not a condition to my statement.

Q I would like to ask you a few other questions regarding the ten. What was the \$10,000 for?

A I don't know how to put it to you, Senator Sumner.

Q Assemblyman.

A Assemblyman Sumner. Just merely the fact that it was a payment to him for handling the matter. By that I mean, we have even had discussion of how the thing was going to be put through the Board of Supervisors. We

were sure that particular night it would go smooth. I never saw the Board members. I don't know any of the Board members, never appeared before the Board, had nothing to do with those negotiations, but in a report that I got from Mr. Lambert he said it was very smooth. It took place without even the newspapers knowing about it.

Now, you asked me to answer the question. I am giving you the answer the best I can.

Q Well, was this money for Mr. Ogle, or was he to give it to someone else?

A I believe it was for him, sir. His remark to me was, "Now, at least I will be able to do something in Joshua Tree." Some property he had there.

Q Was this in payment for, in effect, and there is no sense mincing words, was this a bribe for the getting of the contract through?

A Mr. Sumner, in order to summarize the opinion of the people that were present, into a single phrase, it is most difficult for me. If you are sitting down with a group of people and discussing a business transaction when something like that occurs, and it is motivated by a remark here and there, I can't pick the remarks out of the air. But it was assumed that the payment was made for that express purpose. The assumption was there even before we met.

Q I am not asking for assumptions. I am asking, it was either for his getting -- you don't just give someone \$10,000 for no reason, or an assumption. At least, I shouldn't imagine that you would. It was for services rendered in some size, shape, or form.

A Mr. Sumner, my answer to you is the same. It was for services rendered.

Q Were those services the securing of the approval of the Board of Supervisors of this contract?

A That is correct, sir.

Q And that was all it was for?

A I believe so, sir. I don't know what other work could be done.

Q When Mr. Ogle came to the Statler did he know why he was coming? Did you tell him that he should come and get the money?

A I told him that we were prepared to take care of the obligation to him.

Q Did he know before he came how much he would get?

A We assumed from conversations had with Mr. Foust that he did know about it.

Q Did you tell Mr. Foust that you had decided it would be ten?

A That's right, sir.

Q And when did you tell him that?

A I believe probably a day or two before that. The payment of this \$10,000 took place probably six or seven weeks after this meeting, sir. We had a lot of conversations in between.

Q So then you told Mr. Foust that it would be ten and then you called Mr. Ogle, and were you the one that called him?

A I talked to him that morning.

Q And you told him that you were ready to take care of your obligation?

A That's right. Or words to that effect. I don't remember the exact words, sir.

Q You didn't discuss money or anything?

A Not a thing outside of having a luncheon date with him that particular day, sir.

Q Are you sure Mr. Foust wasn't going to get any of the 10,000?

A I am not sure of it. I don't know, sir.

Q But you gave it all to Mr. Ogle?

A Mr. Foust got money from us directly, sir.

Q How much money did Mr. Foust get?

A I don't know what my records show. A lot of cash payments and checks, probably totaling about \$20,000.

Q How much did Mr. Maggart get?

A Directly for himself, or the purchase of scrip,

sir?

Q For himself.

A That would be hard for me to determine because the scrip purchases amounted to several hundred thousand dollars. I would judge about \$300,000 that I paid him. And for other services, and for trips to Washington and San Francisco, and elsewhere, we were being billed probably every day of the week. My records would disclose that more than I can tell you, sir. But I do know he got quite a bit.

Q You can't give us any estimate?

A I would say that for personal expenses, somewhere around 25 or \$30,000 is a very safe estimate.

Q I am not talking about expenses. I am talking about --

A For himself personally, between 25 and \$30,000.

Q 25 to \$30,000?

A That's right. And a little bit more than that. I forgot one item. There was an item of \$37,500 to a woman with which he was involved in a criminal suit on Shark Island. I paid the \$37,500 for him, and I have the receipt in my files.

Q What was the criminal suit on Shark Island?
You mean Shark Island down on Newport Bay?

A That's right, sir.

Q Did this have to do with Mr. Maggart's

disbarment proceedings?

A Mr. Maggart's disbarment proceedings I don't know about them directly, but I have heard hearsay about them. It wasn't in connection with that matter at all.

Q Did the payment of additional money have to do with the disbarment proceedings?

A The disbarment proceedings, I am told, took place many, many years ago. This was just recently.

ASSEMBLYMAN SUMNER: No further questions.

ASSEMBLYMAN BURTON: Is it possible this \$10,000 you gave Mr. Ogle was for the purchase of scrip?

THE WITNESS: No, sir, Senator Burton. I am trying not to be evasive in my answers, Senator Burton. But I am also trying to be accurate.

CHAIRMAN ALLEN: Any further questions?

ASSEMBLYMAN O'CONNELL: One question.

CHAIRMAN ALLEN: Mr. O'Connell.

EXAMINATION

BY ASSEMBLYMAN O'CONNELL:

Q In your dealings with Mr. Ogle did you regard Mr. Ogle's role in the whole matter as being a proper role in the sense that did you think it was proper for Mr. Ogle to accept a fee, or a sum of money, \$10,000, for his services in getting this contract through the Board of Supervisors?

A I don't think it was proper, Mr. O'Connell;
Senator O'Connell. Is it Assemblyman O'Connell?

Q O'Connell, yes.

A I don't think it was proper. This may sound paradoxical to you, but I do believe that underneath Mr. Ogle's interest, as far as the tidelands oil deal, this would be a very paradoxical statement on my part, is a sincere one to get and obtain money for Orange County, notwithstanding the fact I paid him the money.

Q If he is going to profit personally?

A I think he is the kind of guy that is working for Orange County on this tidelands deal.

Q But, not above making a personal profit out of it?

A No, sir. No, sir.

Q Now, why is it that you now are willing to come before this Committee and point the finger at Mr. Ogle when you had the opinion at the time that his actions were not entirely proper, and you aided and abetted him in that impropriety?

A Mr. O'Connell, I have had this problem in my mind for several years. I was like in a prison with the problem. I felt justified when I found that the dealings further into the tidelands oil of the County of Orange involved another aspect where money was being paid again on what I think is a fictitious deal.

Mention was made of the fact that I talked to Mr. Ogle several times, one time at Mr. Sheetz, the Sheetz store or lunchroom. I stated to Mr. Ogle then that I thought that as long as he was standing on the Camden-Dayton deal, and the original contract, I felt that he was sincere in trying to do something for Orange County.

But, if the inspiration for a new American Marine deal, where money was being collected again in any fashion like it was being collected from us, I objected to it very strenuously. My remarks never even reached home with Mr. Ogle. I felt constrained about even making the statement to the Committee.

I told Joel at that time that I felt he was absolutely wrong. I subsequently had the pleasure of talking to the Attorney General, Mr. Brown, in connection with Proposition 4 in Orange County, and I told him that I thought that the American Marine deal was merely a repetition of what we went through on the Camden-Dayton deal in trying to get that accomplished. That was merely a thought on my part.

In answer to your question, I have waited these couple of years, but I certainly felt that I should do something about it for my own conscience.

Q Well, what I was trying to get at was whether your willingness to speak now is a matter of conscience or a matter of revenge. Now, I can understand that you

would have a motive, perhaps, to wreak some sort of revenge on Mr. Ogle because he also arranged to go through with this American Marine deal after having originally set up the Camden-Dayton deal, and you were the loser, or your principal was the loser thereby.

A I made a statement to the Committee the last time that I was here. When I talked to Mr. Ogle at Las Vegas, Nevada, he made a statement to me that I had a part of this American Marine deal. I told him I was not interested. I have never in my life practiced even the slightest amount of revenge against anyone. I am not revengful. I believe that I can make this statement under oath: that I say my prayers each night, and I continue to say them for Mr. Ogle and his wife and his family.

I am not resentful. But, to be imprisoned in my mind with this thing for the last couple of years, I felt I needed to release it. I made intimation to the Attorney General's Office many months ago that I would like to do it.

Q It is just a matter of conscience then?

A Yes, sir. I have no motive for revenge at all. I feel no revenge for Mr. Ogle or anyone else. I make that statement under oath, sir.

ASSEMBLYMAN O'CONNELL: All right. That clears that up.

CHAIRMAN ALLEN: Mr. Burton.

ASSEMBLYMAN HANNA: If I may, Mr. Burton, this is a matter of just courtesy of the Committee.

CHAIRMAN ALLEN: All right.

ASSEMBLYMAN HANNA: I noticed that Phil Storm, the City Manager of Buena Park, was about to leave, and I felt that the Chairman would like to say a few words to Mr. Phil Storm representing the City of Buena Park as to our appreciation as a Committee for having these lovely facilities made available to us as a Committee. Mr. Allen?

CHAIRMAN ALLEN: Is Mr. Storm present? Yes, we certainly wish to express our appreciation to you and the City of Buena Park for allowing us to use this beautiful room and your cooperation in setting up this hearing. It has been most helpful to us.

MR. STORM: We were very glad to have you, Mr. Chairman, and members of the Assembly and don't ask me any questions.

FURTHER EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Mr. Lipko, do you feel better now that you have gotten this off of your chest?

A I do, sir.

Q If the phone company records don't reflect a call in the early morning from your home to that of Mr. Ogle's would this Committee be correct in assuming that

no call was made to prearrange this meeting at the Statler?

A That is based on two "ifs". I would say that the call was made, sir. I am sure it was made.

Q Your testimony is that you made it from your home to the home of Mr. Ogle?

A Yes. That's right, sir.

Q If the phone company has no record of such a call, what would that conclude?

A That was 1955, that was either my home phone, Stanley 79111, or another number, a State number.

Q What was the State number?

A I have forgotten.

Q Were both of the phones under your name?

A They are under the name of my wife or myself. They were unlisted numbers, both of them.

CHAIRMAN ALLEN: We will get that record, Mr. Burton.

THE WITNESS: I will be glad to take a lie detector test at any time, sir. I realize the position I am placing you without corroboration. I made this statement to Mr. Cook. I would be glad to do anything to prove what I said before the Committee, sir.

Q BY ASSEMBLYMAN BURTON: Who sent you this \$20,000 again?

A I would say that Doctor Hampton Robinson, through the Fannin State Bank. or H. C. Cockburn. Either one of the two.

Q And did they know that this money was going to go to Mr. Ogle?

A Doctor Robinson had no knowledge at any time of any payments made to anybody.

Q Mr. Cockburn knew?

A That's right. Doctor Robinson had no knowledge of any payments whatsoever.

CHAIRMAN ALLEN: Any more questions?

ASSEMBLYMAN HANNA: Just one.

FURTHER EXAMINATION

BY ASSEMBLYMAN HANNA:

Q I just recalled that the testimony of an officer from the District Attorney's Office relative to his conversations with Mr. Ogle was that Mr. Ogle had met with you in connection with the Camden-Dayton agreement something like three or four or five times.

Can you give us what your testimony is in reference to the number of times you have had meetings with Mr. Ogle relative to the Camden-Dayton agreement?

A I would safely say at least a dozen times, sir. Not with respect to the agreement before its signature, but before the meeting, before the signature and after, I would say at least a dozen times.

Q Were all these meetings in connection with the Camden-Dayton agreement either before it was signed and after?

A I would say safely a dozen times at least in connection with that, sir.

FURTHER EXAMINATION

BY ASSEMBLYMAN BURTON:

Q Did you pay that Statler luncheon bill, or did Mr. Ogle pick up the tab?

A No. I picked up the tab, sir.

Q Did you sign the chit or pay in cash?

A Paid it in cash, sir.

Q Do you have an account at the Statler?

A No, I don't. I have an account at the club.

CHAIRMAN ALLEN: All right. Thank you, Mr. Lipko.

THE WITNESS: Very well. Thank you for the courtesy of the Committee, sir.

CHAIRMAN ALLEN: Thank you.

Mr. Holker.

DALE HOLKER,

recalled as a witness by the Committee, having been previously duly sworn, testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q You have previously been sworn, Mr. Holker. Will you tell us how long you have been employed at this 7th and Flower Branch of the Bank of America?

A Since the 10th of June, 1957.

Q Up to the present?

A Yes.

Q And your title or capacity there?

A Operations Officer.

Q Is it possible that you have other records at the bank reflecting telegraphic transfers to Mr. Lipko or Mr. Lambert from the Fannin State Bank of Houston, Texas, or wherever it is?

A As I mentioned before, on the side over here, all the records that I have concerning the telegraphic transfers to Mr. Lipko are on here.

Now, it didn't dawn on me until just now, I wonder if anything came through to Camden-Dayton. Nobody ever mentioned that name to me. That might be possible. But, as far as anything directed to Mr. Lipko, this is it. This is all the record that I have.

Now, I could make a search of my general ledger for the period of 1954 and 1955 and maybe come up with something.

Q Does your bank keep any separate record of cash withdrawals? Suppose a customer comes in to your bank with a bank check from some other bank for \$100,000, takes it out in currency. Do you have a record of that?

A No. No.

Q Tell me this: Have you heard anything in talking to other employees of this bank where you are now working, anything regarding any practice of Mr. Lipko

in withdrawing money in currency?

A Yes, I have heard assertions from several members of the staff that were employed there at the time that it was their understanding that Mr. Lipko did pick up large sums of cash.

Q Were any figures mentioned?

A Oh, yes, large sums. I don't remember. I recall figures as high as \$75,000. It seems to me that is what I heard mentioned. I heard mention once of two different figures of 25,000. I think they were both in the same day.

CHAIRMAN ALLEN: Any further questions?

EXAMINATION

BY ASSEMBLYMAN THELIN:

Q If these transfers from the Fannin State Bank were to Mr. Lipko and someone else, such as Mr. Lambert, would you then have them with you here today?

A If they were directed to Mr. Lambert, then I would have them. I didn't find anything for Mr. Lambert.

Q Suppose Mr. Lipko and somebody else, two of them, were listed. Would you still have them with you?

A As long as Mr. Lipko's name is on there, I would have it, yes.

EXAMINATION

BY ASSEMBLYMAN BURTON:

Q And your records reflect all of the telegraphic

transfers and funds from Houston, no matter what particular bank in Houston it may be, if these telegraphic orders were payable to Mr. Lipko?

A That is correct. From August 24, 1954, until the present time; between March and August Mr. Lipko was doing business with our bank. But I have no record, I don't have the register of telegraphic transfers for that period.

CHAIRMAN ALLEN: March and August of what year?

THE WITNESS: 1954. March to August of 1954.

ASSEMBLYMAN BURTON: I would like the reporter to insert in the record at this time the statement of those telegraphic orders that the bank has a record of.

CHAIRMAN ALLEN: Do you want to read it?

ASSEMBLYMAN BURTON: Well, if the reporter can just make a note as to what exhibit number it is, then they can insert it in the record at that point.

MR. COOK: Number 8.

ASSEMBLYMAN BURTON: Yes. I want that exhibit inserted in the record right now because that, according to your testimony, contains all of the telegraphic orders from Houston sent to Mr. Lipko, either jointly or severally, or jointly and severally?

THE WITNESS: That is all I know of, yes, sir.

ASSEMBLYMAN SUMNER: But not to Camden-Dayton.

ASSEMBLYMAN BURTON: That's right.

CHAIRMAN ALLEN: Anything further? All right, thank you.

THE WITNESS: Do you still want those records?

CHAIRMAN ALLEN: If you want to take them with you and get us copies of them, that would be all right. We will probably be talking to you further relating to additional information also.

THE WITNESS: All right. I wonder could I have the envelope that they were in?

ASSEMBLYMAN BURTON: Mr. Chairman, I assume we are going to have the same kind of rundown for Camden-Dayton just as a precautionary measure?

CHAIRMAN ALLEN: We will track it down every way we can.

(Record of telegraphic transfers received by John J. Lipko

(Date Received	Amount	From	Disposition of Proceeds
2-24-55	\$2000	2nd National Bank Houston	Credited to Account
6-24-55	\$2500	2nd National Bank Houston	Credited to Account
8-24-54	\$28,925.21	2nd National Bank Houston	Credited to Account
9-1-54	\$200	2nd National Bank Houston	Credited to Account
10-5-54	\$7200	2nd National Bank Houston	Credited to Account
10-6-54	\$7000	2nd National Bank Houston	Credited to Account
10-13-54	\$2500	2nd National Bank Houston	Credited to Account

10-20-54	\$6300	2nd National Bank	Credited to Account Houston
11-5-54	\$9000	2nd National Bank	Credited to Account Houston
11-19-54	\$3000	2nd National Bank	Credited to Account Houston
1-10-55	\$3400	2nd National Bank	Credited to Account Houston
1-11-55	\$5000	2nd National Bank	Credited to Account Houston
2-28-57	\$1100	Newport Harbor Bank Corona Del Mar, Calif.	Took Cash

CHAIRMAN ALLEN: Now, Mr. Hortig.

FRANK HORTIG,

called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q You are Frank Hortig, Executive Officer of the State Lands Commission?

A That is correct.

Q Mr. Hortig, there has been reference to the adoption of the American Marine contract by the Orange County Board of Supervisors to advance the hearing date originally scheduled so that the matter was taken up on February 14, in advance of that previously announced.

Did you have any discussions on or about that time with any members of the Board or County employees

regarding the hearing date?

A Yes, Mr. Chairman.

Q Will you tell us what that amounted to?

A Well, on or about February 7, 1956, the State Lands Division became aware of consideration by the County of Orange of a proposed contract to encumber the tide and submerged lands of Orange County for the purposes of production of oil and gas, the contractor to be an American Marine Exploration Company.

Immediately upon receipt of this information, on February 6, 1957, the then executive officer addressed the following letter to Honorable Willis Warner, Chairman, Board of Supervisors, County of Orange, Court House, Santa Ana, California.

"Dear Mr. Warner: The attention of the State Lands Division has been directed to a matter under consideration by your Board of Supervisors relating to possible leasing of or otherwise contracting for oil and gas development operations off-shore in Orange County. It is respectfully requested that your Honorable Body defer action on any lease or contract negotiations as aforesaid in order that the State Lands Division may have the opportunity to review and the State Lands Commission may determine any policy it may wish to establish

with respect to the proposed action by your Board.

"It would be appreciated if such deferment could be made to not earlier than February 20, 1956. Yours very truly, Rufas W. Putman, Executive Officer. Carbon copies to Mr. Joel E. Ogle, County Counsel, County of Orange, Courthouse, Santa Ana, California."

On February 9, 1956, I reported this matter to a meeting of the State Lands Commission in Sacramento, California. Pursuant to this report, the State Lands Commission took the following action by resolution, and I quote:

"Upon motion duly made and unanimously carried, it was resolved as follows: The Executive Officer is authorized with the assistance of the Attorney General to oppose the issuance of any leases or contracts by the Board of Supervisors of Orange County for the production of oil and gas in tide and submerged land areas, and to take such action as may be advisable under the circumstances."

On February 13th, 1956, by which time the minutes of the meeting of the State Lands Commission of February 9 were not yet available, but in view of the importance of this matter, I went to Santa Ana to call upon the Chairman of the Board of Supervisors, then the Honorable

Willis Warner, and Supervisor Kaiser, then the Supervisor of the coastal district in which the primary oil production areas lie, to inform the gentlemen, and the Board by that manner, of the action of the State Lands Commission to give them this information informally because it was not yet available formally, and particularly in view of the fact that at that time the regular weekly meeting of the Board of Supervisors was under way.

As a result of individual conferences with Chairman Warner and Supervisor Kaiser, I was assured that the matter had been calendared for a later date of the Board of Supervisors, and that a matter of such importance would not be taken under consideration or be acted upon until there had been full public consideration, and in any event, until the State Lands Commission had been given notice and the matter discussed.

At approximately 9:30 A.M. the following morning I received a telephone call from Santa Ana to report to me that the Board of Supervisors had that morning taken the matter of the American Marine Exploration contract under consideration out of order and had authorized the signature of the contract and that the contract had been signed.

CHAIRMAN ALLEN: Any questions? All right. Thank you, Mr. Hortig.

THE WITNESS: Mr. Chairman, if you and the Committee

will bear with me for a moment?

CHAIRMAN ALLEN: Go ahead.

THE WITNESS: There is an item in the record that I believe possibly should be clarified.

In Mr. Featherly's testimony yesterday, he referred repeatedly to the fact that the County of Orange had been unable to get from the State Lands Commission any funds or any portion of the tidelands oil proceeds for the development of recreational facilities in Orange County.

Prior to the execution of the American Marine Exploration contract, no representative of the County of Orange had discussed the matter of any portion of the tidelands proceeds being made available to the County, that is, no representative of the County had discussed it with the State Lands Commission.

I personally have been present, and I think the record will show, at the Sacramento meetings of the State Parks Commission, and the County of Orange had made requests for such funds to the State Parks Commission, but never to the State Lands Commission. And I feel the record should be cleared to that extent.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Well, Mr. Featherly may not have been aware that the State Lands Commission has authority to lease

the land for oil and collect the money, but not to spend the money.

A That is correct, sir.

Q But the spending of the money is done by the Legislature.

A Right.

Q Now, let me ask you one other thing along that same line.

Since the American Marine contract was signed by Orange County has any County representative talked to you? I don't mean the Division of Beaches and Parks, but have any of them talked to you about getting a share of this oil production?

A Yes, sir.

Q Who, when, and where?

A On April 8, 1957, I reported to the State Lands Commission in Sacramento.

Q What year?

A April 8, 1957. That the agenda and minute item of the State Lands Commission meeting of that date, and I will quote from it, since it summarizes the item completely, and I quote:

"On March 22, 1957, a letter was received by the Executive Officer from the County Counsel of Orange County requesting that a conference be held before extensive litigation was

entered into to see whether or not there was a middle ground for discussion. This conference was held in the office of the State Lands Division on March 27, 1957, and was attended by representatives of the Office of the Attorney General and the State Lands Division and by Mr. Joel E. Ogle, the County Counsel.

"Mr. Ogle suggested that the litigation might be terminated if arrangements were made so that whatever royalties accrued would be distributed on same basis among the State, the County, and the County's lessee, the American Marine Exploration Company. He was not prepared to state what the basis of the distribution might be.

"He further suggested that future leases should be offered by the County in view of his opinion that the County would have greater latitude than the State in their issuance. It was decided by the State's representatives present to take the matter under advisement. A meeting was held in the office of the Attorney General on March 29, 1957. It was the unanimous decision of those present that the State had a good case, should not compromise in any fashion, and that the

case should go to trial.

"On April 8, 1957, Mr. Joel E. Ogle appeared on behalf of Orange County and pointed out that between 80 and 90 --"

Q Just a minute. Appeared where?

A Before the State Lands Commission. I am reading the agenda and minute item of the meeting of that date of the State Lands Commission, Mr. Chairman.

I am still quoting:

"Mr. Joel E. Ogle appeared on behalf of Orange County and pointed out that between 80 and 90 per cent of the entire State oil and gas revenue, leaving out Long Beach, comes from the coast, off the coast of Orange County. He then reviewed the history of the grants of tide and submerged lands from the State of California to the County of Orange and to the City of Newport Beach and indicated that the interest of Orange County was in obtaining revenue to develop its beautiful coast line which is largely used and enjoyed by people from outside that county.

"He stated that if the State was not willing to cooperate with Orange County, and instead proceeded to act on the recommendation of the staff of the Commission, Orange County

would be authorized to fight its case to the last court of the land and in doing so would be compelled to ask the State of California for an accounting for every barrel of oil and every cent of royalty taken by the State since the year 1919.

"Mr. Kirkwood moved for adoption of the recommendation of the staff on the understanding that it was concurred in by the Office of the Attorney General, and Lieutenant Governor Powers seconded this motion after being assured by Deputy Attorney General Shavelson that the State is absolutely in the right. Upon motion duly made and unanimously carried, the following resolution was adopted:

"The Executive Officer is authorized to advise the County Counsel of Orange County that no compromise will be effected and that the case should go to trial."

CHAIRMAN ALLEN: Mr. Sumner.

EXAMINATION

BY ASSEMBLYMAN SUMNER:

Q Mr. Hortig, lest somebody be misled, the Land Commission has no power to give any monies back to the County of Orange, do they?

A No, sir.

Q And so if application had been made by the County of Orange to the State Lands Commission for the return of any of the monies taken from the tidelands, it would have been a meaningless gesture, would it not?

A We hadn't explored the mechanism for accomplishing it because, as you see, Mr. Sumner, it was never concluded that this was a course to take. As a matter of academic consideration, the only course to effect such an action that I could foresee would have been a recommendation to the Legislature to consider proper legislative enactment to accomplish what Mr. Ogle was seeking.

Q And for the last at least two sessions in 1957 and also in 1955 there has been legislation introduced in the Legislature which would allow a return of tidelands oil money in a percentage amount to the areas, specifically Huntington Beach, the City of Huntington Beach not owning its tidelands or having any interest in them, and that has been taken up in the Legislature for these last two general sessions at least, if not before?

A Yes, sir, and a little more broadly, in fact, to cover any coastal oil and gas operations so that the area of production of such revenues might share in some specified proportion as the Legislature may determine.

Q And Mr. Hanna last time introduced the County

of Orange, I believe, also on that same subject. I just didn't want you to feel or have any of the Committee members have the impression that this should have been done through the Lands Commission rather than through the Legislature, or that it had not been done through the Legislature.

A As you see, it wasn't even proposed to be undertaken by the State Lands Commission. It was merely reporting the proposal that had been made to the State Lands Commission by the County Counsel.

CHAIRMAN ALLEN: All right, thank you, Mr. Hortig.

We will have a short recess and then recall Mr. West to the stand.

(Whereupon there was had a short recess.)

CHAIRMAN ALLEN: The meeting will come to order. Let the record show that a quorum is present.

WESLEY WEST,

having been previously duly sworn, was recalled as a witness and testified further as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Mr. West, did you make a statement to Mr. Cook a few minutes ago somewhat to the effect that if you really want to know what happened, just ask me?

A No, sir, I didn't say exactly that. I said that there was a lot of misinformation about the contract

with Orange County, with American Marine.

Q Well, do you have something further you can add to inform the Committee on the subject?

A Well, I would just like to say this:

The remarks here generally since these hearings have started, and I think they have been made in good faith, have been directed toward the royalties being less in the American Marine contract than the State was getting.

You must bear in mind that the State has not had any question about its title until the Orange County suit was filed. Therefore, their lands are subject to being put up for bids for leases and practices that could not be, or would not be proper in the condition that the Orange County lands have been in.

Moreover, the royalty is fixed at 16 2/3 per cent in our contract. I understand at the moment that the State leases are bringing an average of about 20 per cent royalty. They have varied up, I believe, to something like 46 or 48 per cent. I listened to the testimony, but I don't remember the exact figures.

Now, bear in mind that what the people of Orange County will get as a result of the efforts that are being made for it and on behalf of American Marine, if they win their suit, they get all of these oil wells that have been producing. I think I read in the testimony

where there has been 322 million barrels of oil taken out. That money would all belong to Orange County. The American Marine would not get any money for anything except the production that it developed.

Now, I think it would have a claim against the oil companies for damages for the amount of oil that had been extracted, for the portion of it, portion of the proceeds that the company would have received, since the date of its contract. But not prior to that. Prior to the date of the contract, all of that money would be recovered by Orange County.

I think that is a consideration that has been entirely overlooked in this contract.

Incidentally, this work is quite involved, trying of the lawsuit. When we made the gesture of a meeting in O'Melveny & Myers' office, we just think, we thought there was a better way to really settle these problems that are controversial, where I think in this instance both sides have made some mistakes. I think perhaps the law protects the people of Orange County against any dereliction by its public officials. But when both sides have made mistakes, it seems to me proper and right for people to sit down and try to work out something. We thought we had made a gesture which was magnanimous on the part of American Marine Exploration because we did not participate, would not have participated

in any of the production except since the date of our contract. And that would have been a cause for damages. And all the rest of this money would have been a question of working out some settlement between the state and the oil companies, and the County of Orange.

Now, when this thing has been kicked around with a lot of characters like we have seen here in the last few days, and incidentally, off the subject just a second, I would like to say that while I got a little angry yesterday at some of the questioning, I think in general the Committee has been very courteous and polite to me, and I have endeavored to do the same thing. And I do appreciate the consideration.

If I directed some statements about the Committee or to any particular individual on the Committee, I would like to say that they were the result of the heat of anger, and something that would probably happen to any of us. And I respect the Committee, I respect the purpose for which it was formed, and I have tried my best to cooperate with it.

I have a little quarrel with some of the questions that you brought out about public bidding for leasing. This situation was just not in shape for public bids. Nobody would have bid on it. People think I need a guardian now because I am fighting this case for the County. I happen to believe in it. I didn't believe in

it for the first few months. I did a lot of work on it.

In the course of my work I have come to respect the County Counsel because I have been impressed by his dedication and devotion to the County, and his almost all-consuming desire to win these tidelands back for the County.

Now, there is one other point that I would like to make. I think the language that says the American Marine Company shall pay the expenses of this litigation is in Paragraph XXX on Page 30 of the contract. But I recognize that in reading that language some people might misconstrue it. They might feel that it was not properly stated.

So I suggested to Mr. Adoue when it became apparent that we were going to become involved in a long, drawn out fight, that the period of three years in which to get started in drilling would very likely run out long before we got through with this lawsuit, and that we wanted to be sure that our force majeure clause was in effect; that we did not have, that our time limit did not start running until we had actually had possession and an opportunity to do something for the County.

I said also, since there is an ambiguity in some folks' minds, I think it is there, very definitely, but since it is hard to find, let's ask the Board in a

resolution to again spell out the obligation of American Marine so that the people of the County will know what the obligation is, and what our responsibility is in connection with it.

I don't think it is a proper time, although I don't know how you gentlemen feel about going on, but I would like the opportunity of sitting down with this Committee at some time when I have had a few days to prepare myself on the contract itself rather than on the testimony and the files of our company, and answer any questions that you would like to ask about the contract because I think they have been misunderstood and misconstrued. And that is the purpose of my speaking to Mr. Cook. I said I thought we could clear up a lot of things that needed clearing up; I would like to see this Committee have the proper facts when they go back to the Assembly with their report.

Q Just two or three points, Mr. West. I understand from what you have said that you feel that it is an obligation of American Marine to prosecute this litigation?

A I do, sir.

Q And that if that is not now stated in any contract between American Marine and Orange County, you would be willing to sign a contract to that effect?

A No. I said I thought it was stated. But, in order to be sure that it was stated, we incorporated

into a resolution that I believe was passed on something like July the 3rd, 1957, which we asked the Board to pass, restating the obligation of American Marine and stating that the force majeure clause in the contract was in effect and would remain so in effect until we could get possession of the land.

Q I don't read in this resolution of July 3rd, 1957, a contractual obligation by American Marine to bear the cost of the litigation, although there are statements contained --

A Well, there are statements --

Q Excuse me just a minute. Now, do I understand that if on re-examination of this resolution and contract that it is not a contractual obligation of American Marine, that you would be willing to sign a contract to that effect?

A American Marine will certainly be willing to sign a contract to that effect.

Q Would you personally?

A No, sir. I don't think I should personally.

Now, let me say this in that connection. You indicate that the County is obligated to go on with this contract and we are not. But bear in mind that the County has not warranted the title to this land. We have undertaken an obligation, and we have got plenty of provisions in the contract for default. Any time we

default in any of these obligations, the County is at liberty to go on and cancel our contract. Now, when they haven't warranted the title to the land, we feel we are entitled to a getting out place, too. Something could happen where we could become just as convinced as Mr. Hortig said the State Lands Commission is that the other side is right.

If we became that convinced, we would like to explain our position and we would like to get out. But we don't think we are going to be that way. We don't think we are going to find that condition. But we feel that when you are not warranting the title to a piece of land, what could the County possibly lose? Anything that we have done, if we default, they have got the right to cancel. We are obligated to prosecute the suit, and if we default, then the County can take it over immediately. They can't lose anything. They will have gained all the information and all the money that we have spent; the benefits of all the money that we have spent in uncovering the history and the data relating to their title.

Q I believe you said a few minutes ago that it is your interpretation of this contract and the rights of American Marine that if your side of the litigation is upheld that you would not be able to assert a claim for accounting against any of these oil companies presently

operating except since the date of the American Marine contract?

A Naturally. We had no interest. That is the County's property prior to that time, sir.

Q Do I understand from this that American Marine's contract and your claim under it, then, includes the right to pump oil from the wells that are now producing on the Orange County tidelands?

A I am not sure that I understood that. Did you say does the American Marine have the right to pump the oil from those wells that are now drilled?

Q Yes.

A Well, I think that is a question that would need a lot of clarification, but one that would be worked out very simply.

In the first place, the oil companies who have those producing wells, if they have them on leases that are not valid, they would undoubtedly have the right to pull their casing and take their equipment off of those wells. They would not be usable wells under those circumstances. We would have to go back and either go into those old holes, or we would have to go back and drill new holes in order to have producing wells. We would not participate unless we had performed that task.

Q Well, at least the same holes in the ground are the subject in controversy?

A Well, they are part of the subject in controversy, yes.

Q I didn't get that clear from your previous testimony. Your claim includes those areas now under lease?

A Well, we would only have a claim for damages for the oil that has been extracted since the date of our contract. We have no claim on the prior.

Q I think I understand.

A Yes, sir.

Q There has been considerable testimony at this hearing and the last one, and we have a number of documents on this subject relating to public relations service of American Marine here in Orange County.

A Yes, sir.

Q And Mr. Michaels testified about that yesterday. Does American Marine have anybody doing public relations work in California now?

A Yes, sir.

Q Who?

A Mr. Omar Garrison.

Q The first name is Omar?

A Omar.

Q O-m-a-r?

A Yes, sir.

Q The last name?

A G-a-r-r-i-s-o-n.

Q And he is a resident where?

A In Los Angeles.

Q Does he have an office in Los Angeles?

A I don't know, but he has been with the Mirror there for some time.

Q Do either you or American Marine have anybody else doing public relations work in California now?

A Well, I don't know whether you would call it public relations work or not. And possibly it is. But I have employed the Stanford Research Institute to make a study of the coastal lands in Orange County on a completely objective basis with the idea of suggesting, recommending the best procedures for drilling and getting the oil out of the reserves and the submerged land, giving proper consideration to the protection of property values, the retention of the beauties of the coast line and the beach, the recreational facilities, and such other things that would be involved and would naturally want to be protected.

Q And aside from Mr. Garrison and the Stanford Research Institute, do you or American Marine have anybody else doing public relations work in California?

A No, sir, except that I am attempting to do some myself.

Q And have you had anybody doing such work other

than these two, Mr. Garrison and the Stanford Research Institute, since the employment of the late Frank Evans?

A No, sir.

Q Have either you or American Marine made any contributions to any current political campaign in Orange County?

A No, sir.

Q Or in the State of California?

A No, sir.

Q That is directly or indirectly, either by yourself, or through some third person?

A That is correct.

CHAIRMAN ALLEN: Mr. Hanna.

EXAMINATION

BY ASSEMBLYMAN HANNA:

Q Well, I just wanted to make an observation to Mr. West, that in relation to Article XXX on Page 30 of the contract, to explain the reaction of the Committee, all of whom are lawyers.

A Yes, sir.

Q It was my reaction, and I believe that of most of the Committee, that in this Article, with the way that it is headed, and the language which follows, we recognize a paragraph treatment that is very frequently found in all kinds of contracts of that nature which, in our minds, sets up the public liability of a party who

is operating on ground or facilities owned by somebody else so that the owner does not become liable for the activities of the party who is thereon.

That is why we felt it did not substantiate the position of an affirmative action on the part of Marine, and I am very happy to hear you say that you would be glad to clarify that in separate obligation if it was called for.

A In fact, that was what I attempted to do. Possibly we didn't do it as well as it should have been done, but that is what I attempted to do when we asked for the resolution on July 3rd, 1957.

ASSEMBLYMAN HANNA: Thank you.

THE WITNESS: By the way, excuse me, Mr. Allen.

CHAIRMAN ALLEN: Do you have something you would like to add?

THE WITNESS: Yes. You asked me yesterday for some information about the check that I had issued to Mr. Ogle which he used to purchase that mortgage.

FURTHER EXAMINATION

BY CHAIRMAN ALLEN:

Q Oh, yes?

A I had called my office and I was unable, because they had to get some photostats made, to get it out until today. But I will have it tomorrow, and I presume it will be all right if I deliver it to 113 down

at the State Building?

Q Deliver it or mail it in, together with copies of the documents you got.

A I will have the complete file on the thing when I get it.

Q Fine.

A For your information, though, my check was made out to Mr. W. Roy George, for \$12,500, on December 11, 1957.

Q For how much?

A \$12,500. I do have an agreement in connection with that, that I will furnish a copy of, that I have discussed over the telephone with my office. They have prepared the photostats and they should be in my possession by tomorrow.

Q Is it your understanding that Mr. George was the owner of the deed of trust?

A Yes, sir. That was my understanding at the time.

Q He was the principal that you dealt with?

A Well, yes. I didn't deal with him. Mr. Ogle dealt with him. I just sent him a check to W. Roy George.

Q He wasn't purchasing it for somebody else, or anything?

A No, sir, he was not.

CHAIRMAN ALLEN: Any other questions? Thank you,

Mr. West.

Now, is there anyone else in the room who would like to testify at this time? We have some others under subpoena, but the hour is growing late and we have had a very thorough coverage of this subject but, if somebody else wishes to speak at this time?

ASSEMBLYMAN HANNA: Before they do, Mr. Chairman, can it be made clear that this does not necessarily mark the closing of this Committee's interest in this subject matter, and there quite possibly will be announcements concerning further meetings, if and when the Committee feels that the subject matter available to us justifies it.

CHAIRMAN ALLEN: That's right, Mr. Hanna. It is quite apparent to us that this involves a very substantial amount of property. It affects all the people in the State of California. And to get further information that we can bring up before the Committee, we would certainly do so.

MR. WEST: May I say this? Excuse me, Mr. Chairman. May I say I spend part of my time here and part of it in Houston, and if the Committee wants me at any time, if you will communicate with my office here, or write me in Houston, I will be sure to be here.

CHAIRMAN ALLEN: Thank you, Mr. West.

Mr. Reddick?

MR. REDDICK: If I may, I would like to make a little clarification.

CHAIRMAN ALLEN: Before you start in --

MR. REDDICK: You swore me yesterday.

CHAIRMAN ALLEN: Did I? Well, I don't remember. Let's do it again.

BEN REDDICK,
called as a witness by the Committee, having been first duly sworn by the Chairman, was examined and testified as follows:

EXAMINATION

BY CHAIRMAN ALLEN:

Q Very well, Mr. Reddick.

A I believe that there has been a lot of damage done, and intentional damage aimed directly and indirectly at the newspapers of Orange County and their employees. And I would like to speak now as a director of the California Newspaper Publishers Association, and I can speak on behalf of 21 of the 25 newspapers in Orange County.

I would like to call to your attention that this hearing probably would not be held and the information, much of it that has been made available to this Committee would never have seen the light of day if the newspapers of Orange County, as long ago as 14 years had not begun the search and exposure of things that were going on in this County.

Personally, my newspaper has been singled out, and it is quite understandable to me, and I am like Mr. West, last night I was very irate and spent the night reading my own files. That is the wonderful thing about a newspaper. I brought back the page of pictures to which there was reference made, and there it is. I went to Texas to see what an oil platform and a drill rig in the water looked like. And just to clarify the record, because frankly, I didn't remember completely, there are just two paragraphs that are important. This was telling about the trip.

It says, "We have traveled under the auspices of the Standard Oil Company of California. We viewed the work of their sister companies," and we named them. And here is the gist of it.

"It is our considered opinion there is no necessity for any off-shore island at Newport Beach within the foreseeable future. It is also our opinion that the City of Newport Beach must at once perfect an ordinance that would properly control operations off-shore and on-shore if our prohibition against oil well drilling is declared inoperative. We base our belief that this prohibition against drilling is going to be declared inoperative because of the bills now before the State Legislature

in California."

Those were your bills, Mr. Allen.

"We are firmly convinced that if the City of Newport Beach does not make every proper effort to recover whatever oil there may be in the tidelands, that our City of Newport Beach will be the target of just such a bill as the Allen bill now in the Legislature. It would recapture the tidelands of the City of Long Beach once granted to that city and reaffirm them periodically as a grant to that city," et cetera.

Mr. Pyles, of Monterey Oil Company, took grave umbrage at the rest of that, and didn't speak to me for about two years, frankly refuting whatever that journalistic prostitute, Mr. Michaels, might have said. And we have political prostitutes, as well as journalistic prostitutes.

Q Mr. Reddick, I think it would help us in the conduct of our hearing if you would leave out these adjectives and limit yourself to what you know and things that have happened to your personal knowledge. We appreciate your feelings.

A Very easily.

Q And your background in this general subject. But what we want are facts.

A Well, I would like to point out then, and I will try to contain my tongue upon a civil situation where

possible, that Mr. Evans, who was hired by these people, brought into this scene and paid by them, recanted before this Committee all of the things that he had said, and in effect actually recanted that which Mr. Michaels said yesterday, that the owner of radio KWIZ never knew that Michaels was involved in it, and Mr. Spencer reaffirmed that with me this morning.

I would like to say again that this Committee would not have the evidence that it has, and the biggest part of these stories would never have seen the light of day had it not been for the efforts of each and every newspaper, my competitor, my neighboring newspaper, the biggest newspaper in the County which I heartily dislike on many occasions. But these newspaper men around here, Orange County News Service, which has been blasphemed from one end to the other by the efforts of this hired pipsqueak, the Orange County News Service grew out of the efforts of Mr. Gievete, who started 30 years ago, almost 30 years. I shan't add years to him. A long time ago. With a pony service for the outlying papers. Then I was not a party of that, and a lot of us got together and got Mr. Hart, who has been here longer than anyone else in the newspaper business.

And then the Orange County News Service grew, and only together could we underwrite such a trip as the Texas trip which was done and it says in order to inform

the readers of the Orange News Service.

We have hired experts. We can tell you more about Mr. William West than most of the members of your Committee would know. I think I surprised him a few minutes ago by telling him he is not the only William West. There is a William Wesley West and a Wesley William West. And they are both pretty substantial characters in the oil business.

But we have documented our statements and we have been the subject for continual harassment by Mr. Foust and his agents. We have closed the gambling out of Newport Beach. In fact, I think it is illegal to use a coin operated telephone in Newport Beach.

And so we have felt their sting, and we are used to it, but I would have to have this Committee get out of here thinking that the newspapers were as neglectful as some of our public officials seem to be, and particularly that might be the characters that some of the characters you have had have seemed to be, and we would like to see some prosecution for perjury on the basis of some of the statements that have been made by Evans, who is dead, but Michaels is only dead in the newspaper business.

CHAIRMAN ALLEN: Well, let's don't try that matter here, Mr. Reddick. Anything further?

MR. REDDICK: No.

CHAIRMAN ALLEN: All right. Any questions? Thank you,

Mr. Reddick.

Let the record show that at this late hour of ten minutes to six the Committee is still well attended, not only by members of the press, but by other people in the audience as well.

We appreciate the assistance and cooperation of the witnesses, members of the press, City of Buena Park.

The meeting will stand adjourned.

ASSEMBLYMAN BURTON: Bruce, I just would like to have this in the record, even though the meeting is in adjournment. That is, there are two or three things I think we have got to remind ourselves to do. Number one is to permit Mr. Lipko to take a polygraph test. To request of his attorneys the files with reference to any transactions he may or may not have had with Mr. Ogle; and to check the phone company records and see if they have any record of a phone call from his home to Mr. Ogle's on the date of this transaction.

CHAIRMAN ALLEN: We will check those matters out, Mr. Burton. Thank you for reminding us.

The meeting will be adjourned.

(HEARING ADJOURNED)